



Daily Report

China

FBIS-CHI-96-098
Monday
20 May 1996

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report

China

FBIS-CHI-96-098

CONTENTS

20 May 1996

NOTICE: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

PRC: Beijing To Submit Compromise Proposal on CTBT [Tokyo NIHON KEIZAI SHIMBUN 18 May]	1
PRC: Long Yongtu Addresses UNCTAD Closing Meeting [XINHUA]	1
PRC: Editorial Hails Diplomatic Achievements [Hong Kong WEN WEI PO 13 May]	2
PRC: Editorial Says Europe, U.S. Need To Cooperate With China [Hong Kong TA KUNG PAO 20 May]	3

United States & Canada

PRC: Christopher Cited on Trade Relations With Beijing [XINHUA]	4
PRC: Christopher Views Trade Ties, Reaffirms One-China Policy [XINHUA]	5
PRC: Wu Yi Says Sino-U.S. Trade Deficit Exaggerated [XINHUA]	5
PRC: Claims of Tackling Copyright Piracy 'Thoroughly Absurd' [Hong Kong EASTERN EXPRESS 20 May]	6
PRC: Report on Availability of Pirated Goods in Guangdong [Hong Kong EASTERN EXPRESS 20 May]	8
PRC: Official Warns of 'Bitter' Sino-U.S. 'Trade War' [Hong Kong EASTERN EXPRESS 20 May]	9
PRC: 'Legal, Economic Experts' on Consequences of Sanctions [CHINA DAILY 20 May]	9

Sub-Saharan Africa

PRC: Zimbabwe President Calls Upcoming Jiang Visit 'Tremendous' [XINHUA]	10
PRC: Jiang Zemin Arrives in Mali, Issues Statement on Ties [XINHUA]	11
PRC: Jiang Zemin Meets With Malian Leaders [XINHUA]	11
PRC: Economic, Technical Agreement Signed With Mali 17 May [XINHUA]	12
PRC: Jiang, Malian President Establish 'All-Weather' Friendship [XINHUA]	12
PRC: Jiang Says Africa Important Part of 'Policy of Peace' [XINHUA]	13
PRC: Jiang Zemin Pays Homage to Mali Martyrs [XINHUA]	13
PRC: Jiang Zemin Leaves Mali for Namibia; Communique Issued [XINHUA]	13
PRC: Namibian President Welcomes Jiang Zemin's Upcoming Visit [XINHUA]	14
PRC: Jiang Zemin Arrives in Namibia, Releases Statement [XINHUA]	14
PRC: Jiang Zemin Meets With Namibian President [XINHUA]	15
PRC: Friendship Official Hosts Banquet for Angolan First Lady [XINHUA]	15

West Europe

PRC: Heseltine Arrives in Beijing With Trade Delegation 18 May [AFP]	15
PRC: British Deputy Prime Minister, Delegation Arrive in Beijing [XINHUA]	15
PRC: British Deputy Prime Minister Heseltine Arrives in Beijing [XINHUA]	16
PRC: Heseltine Arrives in Beijing, Meets Chinese Top Leaders [Hong Kong WEN WEI PO 18 May]	16
PRC: UK's Heseltine Attends Sino-UK Aerospace Industry Forum [XINHUA]	16

NATIONAL AFFAIRS

Political & Social

PRC: Papers Warn of 'Pro-Independence' Activity [AFP]	17
---	----

PRC: Situation of Pro-Democracy Activists on Eve of 4 Jun [Hong Kong SING TAO JIH PAO 19 May]	17
PRC: Wang Dan's Mother Still Trying To Establish His Whereabouts [Hong Kong EASTERN EXPRESS 20 May]	18
PRC: Li's 'Apparent Olive Branch' Not Enough for China [Hong Kong SOUTH CHINA MORNING POST 20 May]	19
PRC: Report Criticizes Foreign Control of Key Industries [Hong Kong EASTERN EXPRESS 20 May]	19
PRC: Editorial on Foreign Control of Industry in PRC [Hong Kong EASTERN EXPRESS 20 May]	20
PRC: Hubei To Pick Leading Officials Through 'Open Bidding' [XINHUA]	20
PRC: Li Peng Makes Inspection in Yunnan [XINHUA]	21
PRC: Bohai Sea Pollution From Sunken Boat Said 'Under Control' [XINHUA]	21
PRC: Officials Warn Against Cheats in New Canal 'Rumor' [XINHUA]	22
PRC: Vice Premier Jiang Chunyun on Township Enterprises [XINHUA]	22
PRC: Crime and Punishment in PRC 29 Apr-14 May [HAINAN RIBAO, etc.]	23
Science & Technology	
PRC: Progress Made in Atomic Nucleus Research [XINHUA]	29
PRC: Beijing Completes Tunnel for Nuclear Test [Tokyo KYODO]	29
PRC: IBM, Technology Firm Sign Chinese Proof-Reading Contract [ZHONGGUO XINWEN SHE]	30
Military & Public Security	
PRC: Nanjing Military Region Compensates Exercise Area [XINHUA]	30
PRC: Armed Police Meeting Discusses Garrison Work in Cities [XINHUA]	30
ECONOMIC AFFAIRS	
General	
PRC: Chen Junsheng Stresses Cooperative Economics Theory [XINHUA]	32
PRC: State Council Calls For Tighter Price Controls [XINHUA]	32
PRC: State Council Launches 'Ambitious' Methane Project [XINHUA]	33
PRC: Garment Industry Standards Committee Established [XINHUA]	34
PRC: Computer Sector Expects Quick Growth [ZHONGGUO XINWEN SHE]	34
PRC: Survey Shows 1st Quarter Balanced Supply, Demand [XINHUA]	34
Finance & Banking	
PRC: State To Ease Credit for State Firms, Key Projects [Hong Kong SING TAO JIH PAO 8 May]	35
PRC: New Rules To Ease Foreign Cash Buying Limits [CHINA DAILY 18 May]	35
Foreign Trade & Investment	
PRC: Officials Interviewed on U.S. Sanctions [Beijing TV]	36
PRC: Negotiator, Copyright Official React to U.S. Sanctions [Beijing International]	39
PRC: Zhu Rongji: U.S. Sanctions Against China 'Will Not Work' [XINHUA]	39
PRC: Editorial Views U.S.-China Trade Relations, MFN Issue [Hong Kong SOUTH CHINA MORNING POST 18 May]	40
PRC: 'Experts' Urge U.S. To Remedy 'Erroneous Decision' on IPR [XINHUA]	40
PRC: Scholar Urges 'Equal and Patient Consultations' on IPR [ZHONGGUO XINWEN SHE]	41
PRC: Sino-U.S. Firm Punished for Producing Pirated CD's [XINHUA]	42
PRC: Shandong Official Urges U.S. To Control Waste Exports [XINHUA]	42
PRC MEDIA ON TAIWAN AFFAIRS	
PRC: Editorial on Li Teng-hui Inaugural Speech [Hong Kong WEN WEI PO 20 May]	44

PRC: Editorial Urges Return to One-China Track [<i>Hong Kong TA KUNG PAO</i> 18 May]	45
---	----

TAIWAN

Taiwan: Li Teng-hui Greet Heads of State [<i>Taiwan Central News Agency WWW</i>]	47
Taiwan: Li Teng-hui Interviewed on Diplomatic Issues [<i>Tokyo ASAHI SHIMBUN</i> 17 May]	47
Taiwan: CNA Reports 'Full Text' of Li Teng-hui 17 May Interview [<i>Taiwan Central News Agency WWW</i>]	49
Taiwan: Li Teng-hui Says Freedom, Democracy Goals of Government [<i>Taiwan Central News Agency WWW</i>]	50
Taiwan: Text of President Li Teng-hui's Inaugural Speech [<i>Taipei Radio</i>]	50
Taiwan: SEF Official Comments on Ramifications of Li's Speech [<i>Taiwan Central News Agency WWW</i>]	54
Taiwan: Beijing Obtains Copy of Li's Inauguration Speech [<i>Taipei Radio</i>]	55
Taiwan: Li Teng-hui Sworn in for 2nd Presidential Term 20 May [AFP]	55
Taiwan: President Li Teng-hui Offers To Visit China [AFP]	56
Taiwan: MAC Chairman: 'Dignity' Necessary for Li's Mainland Visit [<i>Taipei Radio</i>]	56
Taiwan: Lien Says Taipei To Enhance 'International Profile' [<i>Taiwan Central News Agency WWW</i>]	57
Taiwan: Lafayette-Class Frigate Cruises Into Waters Near Taiwan [<i>Taiwan Central News Agency WWW</i>]	57
Taiwan: Air Force Takes Delivery of 1st Squadron of Mirage 2000-5's [<i>Taiwan Central News Agency WWW</i>]	57
Taiwan: Report Says Patriot Missiles Delivered 'This Fall' [<i>Tokyo KYODO</i>]	58
Taiwan: Taipei Demonstrators Demand 'Split From China' [AFP]	58

HONG KONG & MACAO

Hong Kong

Hong Kong: Senior Advisers Predict Unrest in Next 100 Days [<i>Hong Kong EASTERN EXPRESS</i> 18-19 May]	59
Hong Kong: Banking Sector Promised No Disruption After Handover [<i>Hong Kong EASTERN EXPRESS</i> 18-19 May]	59
Hong Kong: Textile, Garment Firms Warn of Impact of Sanctions [<i>Hong Kong SOUTH CHINA MORNING POST</i> 17 May]	60
Hong Kong: Editorial Warns of Rising Crime Between Hong Kong, PRC [<i>Hong Kong EASTERN EXPRESS</i> 19 May]	60

General

PRC: Beijing To Submit Compromise Proposal on CTBT

OW1805131196 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 18 May 96 Morning Edition p 6

[By Hisao Tonedachi]

[FBIS Translated Text] Geneva, 17 May — In an interview with NIHON KEIZAI SHIMBUN, Sha Zukang, Chinese ambassador in charge of demilitarization, disclosed the fact that China presented a compromise proposal to countries participating in a conference to conclude the Comprehensive Test Ban Treaty [CTBT] in regard to the issue of inspecting countries suspected of carrying out nuclear tests. This issue is one of the focal points at the conference. Meeting the United States and other countries halfway, the proposal gives limited approval of the idea of using data, which each country gathers in its own way, as a necessary condition for conducting the inspections. At the same time, Sha also disclosed that China will soon air a compromise proposal regarding the issue of banning and eliminating "nuclear explosions for peaceful purposes," including the search for natural resources, which China has been adhering to. He also touched on the resumption of Chinese nuclear tests and said: "I do not rule out its possibility. We may only conduct a few more nuclear tests."

On the issue of carrying out site inspections when a country is suspected of conducting nuclear tests in violation of the treaty, the United States is asking the conference to incorporate data and other information — which are obtained not only by an international monitoring network to be established under the CTBT, but also by each country's satellite networks — in the treaty as reasons for conducting the inspections. However, China has opposed the U.S. request, saying that "it is discrimination against those countries that do not have the same means."

PRC: Long Yongtu Addresses UNCTAD Closing Meeting

OW1905093896 Beijing XINHUA Domestic Service
in Chinese 1444 GMT 11 May 96

[By reporter Liu Yegang (0491 0048 0474)]

[FBIS Translated Text] Johannesburg, 11 May (XINHUA) — Long Yongtu, assistant to the minister of foreign trade and economic cooperation and deputy head of the Chinese delegation attending the ninth congress of the United Nations Conference on Trade and Development [UNCTAD], said in Midrand, South Africa, today that the attempt of a small number of countries to weaken or even abolish UNCTAD is actually aimed at

weakening and abolishing the role of developing countries in the multilateral economic and trade system.

Addressing the closing ceremony of the congress, Long Yongtu said that "because of the leading role played by developing countries in UNCTAD, it has always been universally recognized as the representative of the interests of developing countries in the world's multilateral economic and trade system." He pointed out: The congress' deliberations of UNCTAD's role were more than discussions of the functions of an international organization; the difficulties involved in the talks on formulating UNCTAD documents have once again demonstrated the grim challenges faced by developing countries in a situation in which the globalization and liberalization of the international economy are continuing to develop.

Long Yongtu said: "We propose that UNCTAD, with its 188 members, should be a part of the global multilateral system because we want to stress that developing countries should be incorporated as the mainstream in the world economic development and that the multilateral system should equitably reflect the interests of both the developing and developed countries."

On the relationship between UNCTAD and the World Trade Organization [WTO], Long Yongtu said both UNCTAD and WTO are a part of the global multilateral economic and trade system. These two organizations should establish a mutual support and complementary relationship through effective cooperation.

He said: "As the maker of multilateral trade rules, WTO itself cannot effectively supervise the implementation of these rules. In particular, it cannot guarantee it will not practice double standards in the implementation of these rules. As the world's most universal international economic organization, UNCTAD should play a role in supervising multilateral rules. Thus, it and WTO should establish a mutually restraining mechanism in the multilateral system." Long Yongtu stressed: "Only by establishing a mutually restraining mechanism can the multilateral economic and trade system safeguard the interests of all countries on the basis of fairness and rationality, prevent domination of the multilateral system by a small number of countries, and guarantee its effectiveness and vitality."

Long Yongtu expressed the hope that the discussions on the functions of UNCTAD will continue in accordance with the principle for the establishment of a new international economic order and that WTO should continue to raise its work efficiency by carrying out reform in the course of advancing.

PRC: Editorial Hails Diplomatic Achievements

*HK2005073596 Hong Kong WEN WEI PO in Chinese
13 May 96 p A2*

[Editorial: "New Prospects for China's Diplomacy"]

[PTS Translated Text for FBIS] Since the National People's Congress [NPC] and the Chinese People's Political Consultative Conference National Committee sessions held in March this year, senior Chinese leaders have made frequent foreign visits, indicating that China is blazing new trails in its diplomatic endeavors. Chinese President Jiang Zemin has just set out on a trip to six countries in Africa. Earlier, Premier Li Peng attended the Asia-Europe summit held in Bangkok and visited France. NPC Chairman Qiao Shi visited Ukraine, Russia, Greece, Cuba, and Canada in turn. Vice Premier Zhu Rongji is visiting Southeast Asia. Vice Premier and Foreign Minister Qian Qichen has visited many countries. High-ranking Chinese military officers also have visited Southeast Asia and Russia. On the other hand, China has hosted many important international diplomatic activities, the most important of which was the meeting held in Shanghai last month at which a "Five-Country Agreement" was signed. The international economic seminar for the regions along the new Eurasian continental bridge, which is under way in Beijing, and the international seminar on developing the Tumen Jiang, which ended not long ago, were eye-catching events on account of the unique items discussed and their cross-century vision.

A review of China's post-Cold War diplomacy will show its characteristics as follows:

First, after sizing up the situation, China has set a new strategic objective. After accurately identifying the characteristics of the present era and acquiring a sober understanding of the opportunities and challenges facing China, the Chinese hierarchy has defined China's international strategic principle and foreign policy for the new period. The main objectives of China's diplomacy are: 1) Opposing hegemonism and preserving world peace; 2) Intensifying international cooperation and promoting common development. These two objectives were set so as to provide a long-term, stable, and peaceful international environment for China's socialist modernization drive and to ensure China's reform and opening up.

Second, upholding the Five Principles of Peaceful Coexistence and carrying out a peripheral diplomacy on a wide scale. China has maintained good relations with surrounding countries, opening up unprecedented excellent prospects for China's diplomacy. China and developing countries have supported each other in

upholding justice within the United Nations. China also has maintained friendly and cooperative relations with developed countries. In the meantime, China has realized the need to achieve diplomatic pluralism. Over the last few years, it has made special efforts to strengthen relations with countries in Europe, Latin America, and Africa.

Third, highlighting trade and economic cooperation in dealings with foreign countries. "Putting economics in command" can be said to be the major principle guiding the foreign policy of all countries in the world. China, which has made reform and opening up its national policy, naturally attaches greater importance to the role played by economics in developing relations with foreign countries. China's "economic diplomacy" features mutual benefit and a complementary nature. China's rapid economic growth has made China the largest market in the world. The market, however, is a two-way one because, on the one hand, China has absorbed a large amount of foreign capital and imported large quantities of the advanced foreign techniques and products it needs, and thus has presented a strong appeal to foreign businessmen. The implementation of the Ninth Five-Year Plan and the program to attain the long-range objectives to the year 2010 will open up broader prospects for the market. On the other, China has its own strong points: China's export business has grown rapidly as well, making it one of the major trading countries in the world. Chinese products, which are inexpensive and of good quality, have found their way into the markets of many developed and developing countries. A greater national strength has provided a powerful material foundation for China's diplomacy, while China's omnidirectional diplomacy has created favorable conditions for China's economy to increase ties with the world market.

China is facing the turn of the century. If we compare China's current diplomacy with its diplomacy in late 19th century, we certainly will see the progress made and the major changes brought about in the last 100 years. In the late 19th century, China was invaded and carved up by reckless imperialist powers: Japan robbed China of Taiwan under the unequal "Sino-Japanese Treaty of Shimonoseki"; tsarist Russia obtained the privilege to build railroads in northeast China, with the result that various big powers followed its example by building railroads on Chinese territory; Germany occupied the Jiaozhou Bay in Shandong and took Qingdao on lease; France demanded a lease on Guangzhou Bay and regarded Guangdong, Guangxi, and Yunnan as its sphere of influence; Britain, apart from occupying Hong Kong and treating the regions along the Chang Jiang as its sphere of influence, leased Weihaiwei and

Kowloon from China; and America came up with the "Open Door" policy to share the interests in China with other big powers. "Weak countries are not in a position to make representations to foreign countries." The corrupt government of the Qing dynasty could not safeguard national sovereignty and territorial integrity, and was at the mercy of others when the country was invaded and carved up by various big powers. A review of the turn of the previous century will enable us to see clearly the development in present China.

As the biggest developing country in the world and a permanent member of the UN Security Council, China enjoys high prestige in the international community. The Chinese Government has firmly safeguarded national sovereignty and territorial integrity; upheld the principle that all countries, large and small, are equal; persisted in pursuing a foreign policy of peace; and opposed hegemony and power politics. Though policy-decision makers of a few Western countries still think the way they did in the Cold War era or even in the 19th century and adopt a hostile attitude toward China, no one can stop China from marching ahead. China will continue to carry out its omnidirectional diplomacy and make as many friends as possible, and will make unremitting efforts to preserve world peace and promote common development.

PRC: Editorial Says Europe, U.S. Need To Cooperate With China

HK2005090096 Hong Kong TA KUNG PAO
in Chinese 20 May 96 p A2

[Editorial: "Europe and United States Need To Cooperate With China on Mutually Beneficial Basis"]

[PTS Translated Text for FBIS] The trend in international relations now gives priority consideration to economics. As far as European and American countries are concerned, apart from the external factor, which is the end of the "Cold War," it is primarily caused by changes in the domestic economy. In the last two decades, the wide gap between the rich and the poor in the United States has been exacerbated and the unemployment rates in the West European countries have been high. Such deep-level contradictions with a marked trend which, according to economists, originate from the fundamental system, can hardly be reversed. They can only be eased by constantly opening up markets and sources of cheap commodities.

It was pointed out in the "U.S. President's 1995 Economic Report" that from 1973 to 1995 the U.S. inflation-adjusted actual per capita gross domestic product rose by 36 percent, while the actual pay of workers in non-supervisory positions (who accounted for the majority

of the labor force) dropped by 14 percent in the same period after inflation was factored in. Meanwhile, the actual hourly pay of workers at the lowest rung, who did not have a high school diploma, dropped from \$11.85 to \$8.64.

In the early 1970's, the income of the richest 5 percent of families in U.S. society was 10 times more than that of the poorest five percent of families; today it is more than 15 times more. In the 1980's, all the increased income was taken up by the 20 percent of highest-paid people, with 64 percent of the newly increased income going to 1 percent of the highest-paid people. The average income of chief executives in the top 500 enterprises listed in FORTUNE magazine rose from 35 to 157 times the average pay of manufacturing workers.

The growing gap between rich and poor is most conspicuous in the United States, and it is spreading to all trades, professions, and strata, but the trend also emerges in Western countries to different degrees. The remuneration of enterprise chief executives in Sweden, Britain, France, and Italy which, relatively speaking, reflects egalitarianism, rose by 200 percent between 1984 and 1992, and it rose by over 100 percent in Germany in the same period.

In the past two decades, only the 5 percent top-income population in U.S. society has had an increase in real income, while the actual income of other people has not increased, but has even dropped, and the lower the income, the larger the drop. Among the 5 percent of the laboring population with the lowest income, the drop was 23 percent. For male employees with a college education, the age between 45 and 54 is usually the period in which they can make the most money. However, the median of their income has dropped by nearly one-third in 20 years. For employees between 25 and 34 years of age, although their academic credentials were higher than previously, their actual income dropped by one-quarter in this period. By the end of 1994, the average actual pay in the United States dropped to the level of the late 1950's. In his new book "The Future of Capitalism," (Lester Sero) [li si te, se luo 2621 2448 3676. 3844 5012], professor of economics at the Massachusetts Institute of Technology, said: "The actual pay of ordinary workers in non-supervisory positions has registered no growth for half a century — something that has never happened in the United States before."

According to a U.S. newspaper report, of all the male population between the ages of 25 and 34, the income of 32 percent is hardly sufficient to support a family of four; if they want to maintain their living standards,

their wives have to go to work. As a result, "single-employee middle class families have become extinct."

With regard to the widening gap between rich and poor and the lowering actual income of the middle and lower-level strata, economists have different interpretations, with some linking them to the fundamental system of capitalism. Originally, socialism was put forward with the aim of resolving contradictions in the capitalist system, but the setbacks of socialism in the former Soviet Union and Eastern Europe have not eliminated contradictions in the capitalist system. On the contrary, as the strength of trade unions in various countries has relatively weakened in recent years, the circumstances of the laboring strata have become even more unfavorable and the contradictions have sharpened still further.

Quite a few people who have been to the United States feel that the prices of garments, food, and articles for daily use have been, to a large extent, cheaper in the United States than in Hong Kong in recent years. This is primarily because the United States has imported them at low prices from various parts of the world. Without these cheap imports, the American people, whose actual income is dropping, would have a harder time. In the past, capitalism looked for sources of cheap raw materials everywhere in the world; now they must import cheap finished goods. If they set up more tariff barriers or impose "100 percent punitive tariffs," then first of all they will hurt their domestic consumers and deepen the contradictions within the system. Those imposing "sanctions" will suffer losses themselves.

In Western Europe, the unemployment rate has remained high for a long time. According to some economists, this is due to the same contradiction as the widening gap between rich and poor in the United States. An article in the latest issue of **FOREIGN AFFAIRS** says: "The unemployment figure in Western Europe is frightening. In France, the average unemployment rate between 1969 and 1973 was 2.6 percent and now it exceeds 11 percent. In Germany, it was originally less than 1 percent and now approaches 10 percent. The unemployment rate in Belgium has risen by 300 percent in the past two decades. Europe has brought forward a lost generation of workers and is paying the price for it, such as rising crime, drug abuse, violence against immigrants, and greater support for extremist political organizations. Against such a background, what is thought-provoking is that the unemployed in Germany now stand at 4 million, the highest since the early 1930s."

Both the United States and Western Europe need to open up their markets to increase employment opportunities, and the United States also needs a supply of cheap finished goods. China has a huge market potential and is

an enormous producing area for cheap finished goods. For this reason, people with foresight in Europe and the United States set their eyes on China. Reflecting on their own history, the Chinese people know that China cannot do without the world in its development, and therefore it has unswervingly followed a policy of reform and opening up. Similarly, the world economy, including the World Trade Organization, cannot attain ideal development without China.

United States & Canada

PRC: Christopher Cited on Trade Relations With Beijing

OW1805094996 Beijing XINHUA in English
0938 GMT 18 May 96

[FBIS Transcribed Text] Washington, May 17 (XINHUA) — U.S. Secretary of State Warren Christopher alleged today that Washington did not want a trade war with China, though it published a list of large-scale trade sanctions earlier this week because of a dispute over the protection of intellectual property rights (IPR).

He once again threatened that the United States would go ahead with the sanctions unless its requirements are met before the June 17 deadline. "No one should doubt that we will fully protect our interests," he declared.

The U.S. Administration has given China 30 days to avoid punitive tariffs on 3 billion U.S. dollars' worth of apparel, electronic equipment and other exports by proving its readiness to stop the alleged illegal copying of American movies, musical recordings and computer software.

The unilateral move taken by the United States prompted China to counter-retaliate in defense of its national interests.

In a speech to the New York-based Asia Society, the Council on Foreign Relations and the National Committee on U.S.-China Relations, Christopher said, "While we seek dialogue and engagement to manage our differences with China, we will not hesitate to take the necessary action to protect our interests."

Meanwhile, he voiced Washington's continuous commitment to the one-China policy, which he said has been the foundation for deepening engagement between the two countries since 1972.

He also expressed support for continuing most-favored-nation (MFN) trading status with China, saying that "renewing the MFN unconditionally is the best way to advance American interests."

A similar commitment was made by President Bill Clinton Thursday [16 May] evening when he mentioned his desire for better relations with China.

PRC: Christopher Views Trade Ties, Reaffirms One-China Policy

OW1805125096 Beijing XINHUA Domestic Service in Chinese 1015 GMT 18 May 96

[FBIS Translated Text] Washington, 17 May (XINHUA) — In a speech on U.S.-China relations in New York on 17 May, U.S. Secretary of State Warren Christopher asserted: The Clinton administration has three guidelines for dealing with China: that is, supporting China's development into a "stable, open, and successful country"; supporting China's "total integration" into the international community; and not hesitating to take the necessary actions to protect U.S. interests while managing differences with China "through dialogue and engagement."

Christopher made the aforementioned remarks at a meeting jointly sponsored by the U.S.-based Asia Society, the Council on Foreign Relations, and the National Committee on U.S.-China Relations. This was the first time that he delivered a speech specifically addressing the issue of China since becoming secretary of state in early 1993.

In his speech, he said: China's future has a profound effect on security and prosperity in the Asia-Pacific region and in the world at large. The United States and China share many common interests. Only "constructive and sincere contacts" between the two countries will help promote the realization of these interests.

He maintained: Despite the deep differences between the United States and China on some crucial issues, the United States should settle these differences through engagement rather than confrontation.

Speaking of the U.S.-China trade conflict recently provoked by the United States, Christopher said that the United States does not want a trade war with China. However, he declared: "No one should doubt the United States' resolve to fully protect its interests." He also stated: The Clinton administration supports the unconditional renewal of China's most-favored-nation trading status. He maintained that this is "the best way to advance American interests."

Although Christopher reiterated the U.S. commitment to the "one-China" policy, he asserted that the implementation of this policy is based on "the PRC seeking a peaceful solution to the problem between Taipei [Taipei] and Beijing."

In addition, Christopher suggested that the United States and China hold regular ministerial-level talks and summit meetings. Some people have reportedly criticized the current U.S. leadership for not being keen on developing relations with China. Obviously, Christopher's suggestion was directed at such criticism.

PRC: Wu Yi Says Sino-U.S. Trade Deficit Exaggerated

OW1905012696 Beijing XINHUA in English 0055 GMT 19 May 96

[FBIS Transcribed Text] Beijing, May 19 (XINHUA) — Chinese Foreign Trade Minister Wu Yi today disputed figures which the US claim demonstrate a huge trade deficit between the two countries.

Wu described US claims of a huge deficit in its trade with China as not true, saying it is totally groundless to predict that the US will suffer the largest trade deficit with China among all its partners.

It is utterly unjustifiable for the US to make unwarranted charges against China on the issue of trade balance, the minister said in an interview with XINHUA.

Since 1979 when China and the United States established diplomatic ties, bilateral trade has developed with an annual growth rate of 20 percent, from 2.5 billion US dollars in 1979 to 40.8 billion US dollars in 1995.

The US has become China's third biggest trading partner and China has also been viewed by the US as the most important new market with the greatest potential.

But since the start of the 1990s bilateral trade has hit many problems and frictions, Wu said, and the trade balance is just one of those differences and difficulties in the way of bilateral trade.

Chinese statistics show that its surplus in trade with US was 6.27 billion US dollars in 1993, 7.49 billion US dollars in 1994 and 8.59 billion US dollars last year, while the US figure for the three years was 22.77 billion US dollars, 29.49 billion US dollars and 33.81 billion respectively.

The minister believed there are two reasons for such statistical differences: One is the entrepot trade via Hong Kong and Singapore, and the other is difficulties in evaluation and the confirmation of the original producing country.

According to her, 60 percent of China's exports to US are conducted via Hong Kong and the average value of China's exports to the US via Hong Kong have been added by 40 percent, the price of toys and garments, two major US imports from China, have been even doubled in such way.

Therefore, she said, US statistics have greatly exaggerated the country's trade deficit with China, and the so-called huge deficit the US claimed in its trade with China is not true.

As Hong Kong, Taiwan Province, Singapore and the Republic of Korea have transferred their labour-intensive industries to the Chinese Mainland as a result of their readjustments of industrial patterns, their trade surplus with the United States have also been moved to China's surplus in trade with the US, she said.

Therefore, Wu said, China's favourable balance in trade with US is just a result of regional readjustments of industrial structures, and it is by no means a key element with an adverse impact on the US trade balance.

Meanwhile, China has not enjoyed any practical benefits from the added value of the entrepot export of commodities processed by overseas firms in the mainland via Hong Kong to the United States, she said. Instead business groups in Hong Kong and Taiwan regions and foreign countries involved in such activities have been the beneficiaries.

Wu said that China's trade surplus against the US demonstrates the continuity and the steady progress of the long-term economic relations between the regional economy involving various parties and the US.

She noted that China and the US are in different economic development stages and are of different economic structure characteristics, saying their trade relations represent mutual benefits, complementary and non-competition of their economies.

If the US disregards this because of non-economic reasons and intends to obstruct bilateral trade and economic ties under the excuse of striking a trade balance, it will bring harm not only to the economy of China and the Asian region, but also to that of the US itself, the Minister said.

She noted that some man-made factors have even deteriorated the export environment of US high-tech products to China. The administrative measures taken by the US over its exports to China have caused US businesses to miss the chance of introducing their high-tech products to China and the competition in Chinese market, she added.

Wu continued that the annual examination and approval of the MFN [Most-Favored Nation] trade status has greatly lowered the confidence of the industrial and commercial circles of the two countries on establishing long-term co-operation.

Results stemming from those factors have offered the US high-tech products a smaller share in China's mar-

ket, she noted, saying the US government should be responsible for creating a better and favourable environment for closer cooperation and trade ties between the industrial and commercial circles from the two countries.

The Minister pointed out that China has all along adopted the a positive and open trade policy, following the principle of maintaining a trade balance between imports and exports, and holding that such a balance should be sought through the development.

She said that the prospects for bilateral trade and economic co-operation between China and the US are promising due to their strong mutually-complementary economies, and the two governments should take active and constructive steps to promote the healthy and stable development of bilateral trade and economic relations.

PRC: Claims of Tackling Copyright Piracy 'Thoroughly Absurd'

HK2005083996 Hong Kong EASTERN EXPRESS in English 20 May 96 p 1

[By staff reporter]

[PTS Transcribed Text for FBIS] Teams of United States agents have infiltrated dozens of mainland factories to gather evidence of illegal software, music and video production, Western intelligence agencies and commercial investigators have revealed.

As Beijing and Washington continue their war of words on the issue and a United States-set June 17 deadline looms for implementation of trade sanctions in retaliation for rampant Chinese copyright piracy, mainland claims of tackling the illicit trade have been dismissed as "thoroughly absurd".

Beijing was presented with a list of 31 factories allegedly producing the pirated goods when China agreed to crack down on the industry last year.

But it is understood only two have ceased illegal production and that new factories may have surfaced.

The list, which Eastern Express makes public today, reveals all but five of the firms are based in Guangdong province.

Two factories are in Guangxi and one in Hainan. Two others are in northeastern China but the sources refused to provide details fearing it could jeopardise sensitive investigations under way.

One of the biggest factories alleged to be producing the pirated goods, South Electronics Audio and Video, in Foshan, Guangdong, is a state-endorsed joint venture

between the People's Liberation Army and private interests.

When Eastern Express visited the plant last Friday a reporter and photographer were turned away by armed Public Security Bureau guards. Military vehicles were seen inside the factory compound.

Foshan, a bustling commercial centre about 45 kilometres west of Guangzhou, appears to be a magnet for the offending companies, with eight factories there.

Zhuhai special economic zone has four.

Many of the factories are listed as being joint ventures between mainland and Hong Kong firms, a fact which has been interpreted by the US to mean that the territory is directly involved in the illicit trade.

However, investigators say no Hong Kong residents have been identified as holding interests in any of the factories and that the Hong Kong companies are simply registered by mainlanders to gain the tax credits extended to any venture with foreign partners.

"I suppose technically you could say they are Hong Kong companies," one investigator said.

"But their only links with Hong Kong are on paper. It's a purely commercial decision."

Investigators are adamant that China could do much more to combat the trade but accept that corruption and the nature of mainland bureaucracies are complicating factors.

"You've got this problem of the many different enforcement agencies all working independently and all speaking to Beijing but not to each other," a Western intelligence officer said.

"They could really do with a new body specifically to deal with IPR (intellectual property rights) as is the case in Hong Kong.

"We know they have problems but it is thoroughly absurd for them to claim they are doing everything they can when they know exactly where these factories are and what is going on."

The investigators believe few pirated goods — "less than 10 per cent", according to one — are being exported from China and point to the fact that the factories have mostly ceased production of laser disc videos, the most popular format in Hong Kong and most Asian countries.

"What we're seeing now is mass production of video compact discs," one said.

Piracy Factories

Nanning:	Audiovisual Products Division (Guangxi Press and Publication Bureau)
Zhongshan:	Yinshen Optical Disc Manufacturing
Maoming:	Scientific and Technological Development
	Gain Fast Electronic City
Dingan:	An Mei Laser Production Manufacturing
Zhanjiang:	Hua Li
Zhuhai:	Jin Lei Lian Laser Masters Manufacturing
	Hai Na Laser Production
	Huaguang Laser Disc
	Huashen Enterprise Group
Shenzhen:	Cai Ling Audio and Video Studio
	Shen Fei Laser Optical Systems
	Over Globe Laser
Chaoyang:	Jinfa Disc Science and Technology
Shantou:	Economic Special Zone Nanmei Electric
Foshan:	South Electronics Audio and Video
	Fantastic Prosperity Electronics
	Henguang Special Light Source Electrical Equipment
	Fenglong Electronics
	Jinsheng Electronic
	Nanhai Mingzhu Audio and Video
	Jinzu Laser Digital Storage Chips
	Golden Disc Audio Video Manufacturing
	Xinle Laser Disc Fengchun Industrial Zone
	Guangzhou Yongtong Audio Video Manufacturing
Zhaoqing:	Guo Sheng Laser Technology Development
Xinhui:	Pei Si Optical Electric

PRC: Report on Availability of Pirated Goods in Guangdong

HK2005084296 Hong Kong EASTERN EXPRESS in English 20 May 96 p 4

[By staff reporter]

[PTS Transcribed Text for FBIS] Behind the imposing electronically operated gates of the South Electronics Audio and Video factory in Foshan, Guangdong, a stern-faced armed Public Security Bureau officer stands guard.

Behind him, military vehicles can be seen in the compound.

The officer refuses to let anyone in without an appointment and refuses to answer any questions about his position or the company. But a number of signs prominently displayed on the gates tell at least some of the story.

One reveals the factory is a joint venture between the People's Liberation Army (PLA) and private interests.

Another that the firm is endorsed by Beijing as a "second-class state enterprise".

One plaque is a message of support from Ye Xuanping, a former governor of Guangdong and an incumbent vice-chairman of the National People's Congress.

The company is alleged to be one of the biggest producers of pirated video discs, computer software and music compact discs in China.

Not surprisingly for a company which makes such a show of its connections, the factory is far from being a hidden underground operation.

A sign on nearby Fenjiang North Road, one of the main routes in this bustling commercial centre, points the way to the factory.

Several kilometres away at the state-owned Golden Disc Audio Video Manufacturing factory — another of the eight alleged pirate disc producers in Foshan — staff member Hu Zhiping told an Eastern Express reporter, posing as a Hong Kong retailer looking for cheap stock, that government departments clamped down on the illegal trade by state-owned factories and 50 shops selling pirate CDs in an infamous shopping mall in Shiqiao Town had been closed by the provincial authorities recently.

However, Hu said he could still arrange production of pirated goods through a friend and offered the latest Western and Hong Kong movies, including *Waterworld* and *First Strike*, as well as fake karaoke CDs that are copied from originals.

"Exciting Category III or even Category IV video CDs are also available," he said, adding the buyer could provide an original copy and ask the factory to produce duplicates.

Hu boasted that his friend's operation was the largest in Guangdong and supplied pirated music and video CDs for more than 100 shops in Pingdi Electronic City, a shopping mall about one-hour's drive from Guangzhou.

Hu said the wholesale price for a package of two films on video compact disc was 19 renminbi (HK\$18) and retailed for more than Rmb30 in nearby shopping malls, well below the average \$300 per film produced under licence.

It costs between \$40 and \$50 to buy a single pirate video CD in Hong Kong.

Hu said buyers could order as many as they wished and secret delivery to the territory by truck could be arranged.

A female staff member at Golden Disc, surnamed Li, said that the company now specialised in the distribution of karaoke CDs with songs from the mainland, Taiwan and Hong Kong, as well as video CDs of mainland films.

She said mainland singers were employed to sing the Taiwan and Hong Kong songs to avoid copyright problems and her company was approved by the songs' Hong Kong and Taiwan copyright owners, composers and lyricists — to use the titles.

She said the price was Rmb13 apiece or Rmb12.5 each for an order of more than 1,000, again well below the normal rates for authorised copies.

The factory could also tailor a CD for a buyer if the order was for more than 5,000 pieces and it could finish a batch of 30,000 within one week, Li said.

She said that the plant had also produced video CDs of foreign films until a recent notice from the government ordered them to seek copyright approval.

Li said the manufacture of these video CDs risked the closure of the production line by the government, however, the company still sold video CDs of a few old films from the West.

Washington announced punitive 50 to 300 per cent tariffs on a US\$3bn (HK\$23.4bn) preliminary list of Chinese imports last Wednesday, including textiles, electronics and other consumer products.

The sanctions are in retaliation for China's failure to live up to the terms of last year's intellectual property rights (IPR) agreement by closing the factories that churn out billions of dollars in pirated music, movie and computer

program compact discs for sale in China and around Asia.

A 30-day comment period will be allowed for the companies affected by the sanctions to appeal for exemptions, although the measures are scheduled to take effect on June 17.

China immediately responded by threatening to levy 100 per cent special tariffs on agricultural products, cars, telecommunication equipment and consumer products from the United States.

In addition to special tariffs, China will also suspend the import of US-made audiovisual products and will halt the process of applications from US chemical and pharmaceutical manufacturers and US-backed enterprises in China that plan either to set up ventures or open up representative offices.

PRC: Official Warns of 'Bitter' Sino-U.S. 'Trade War'

HK2005094796 Hong Kong EASTERN EXPRESS
in English 20 May 96 p 4

[By Jimmy Cheung]

[PTS Transcribed Text for FBIS] Relations between China and the United States will deteriorate into a bitter trade war unless they resolve the copyright piracy dispute, a Hong Kong government official has warned.

The assistant director-general of trade for the Americas, Ying Yiu-hong, yesterday told the City Forum that China might lose its most favoured nation trading status (MFN) if piracy negotiations broke down.

Despite US President Bill Clinton's pledge to renew China's MFN status, Congress might associate it with the piracy dispute, he said, adding that a congressman was about to press ahead with a bill linking MFN with China's compliance with copyright standards.

"If this issue (piracy) could not be resolved properly, some congressmen might try to peg the MFN issue with piracy," Ying said.

He said the Government has no contingency measures to help businessmen if the two largest trading partners went into retaliatory sanctions.

"If the trade war really broke out, the Government has no short-term measures to help the business sector," he said.

The Government could only strengthen business infrastructure to attract investment in the long run, he said.

Federation of Hong Kong Industries chairman Henry Tang called on the business sector to speak up during

the month-long consultation on the US proposed list of punitive measures.

"Although there isn't much we can do, we should tell them Hong Kong businessmen should not be embroiled in the brawl," he said.

He said it was unfair for Washington to blame China as "no countries could 100 per cent clamp down on piracy".

Although Tang said he remained optimistic about the negotiations, he said the US might push China into retaliating if it insisted on tougher action on piracy.

"China cannot tolerate any coercion," he said.

"A US\$3bn (HK\$23.4bn) worth of sanctions is not that grave to China."

He said Washington could help combat piracy by lowering the royalties of its intellectual property to match the living standards in China.

A professor of business studies at Hong Kong Polytechnic University, Lau Pui-king, said the enforcement of anti-piracy laws in the mainland was very difficult.

"China is such a big country and municipal authorities may have a stake in manufacturing the counterfeits," she said.

Lau said the US was trying to force open China's cultural product market and the trade war was triggered by the impending US elections, rather than problems in China.

"Clinton wants more concessions from Beijing to drum up support for re-election.

"China has indeed devoted much anti-piracy effort in the past and it is unfortunate that it has been embroiled in US domestic politics," she said.

PRC: 'Legal, Economic Experts' on Consequences of Sanctions

HK2005092696 Beijing CHINA DAILY in English
20 May 96 p 4

[By Cui Ning: "Sanctions Will Hurt Bilateral Trade Ties]

[PTS Transcribed Text for FBIS] The US trade sanctions imposed on China will cause serious damage to the interests of Chinese people as well as to the people and enterprises of the United States, Chinese legal and economic experts have concluded.

Bilateral trade should be pursued on the basis of equality and mutual benefits instead of practising hegemonism,

said Wang Jiabin, a professor with the Chinese Academy of Social Sciences, at a discussion organized by the Intellectual Property Rights (IPR) Office under the State Council over the weekend.

Since China and the United States reached agreements on IPR protection in February of last year, China has fully implemented the commitments of the bilateral agreements, Wang stressed.

Yet the United States, for political purposes and using its own laws as a standard, tries to bully China by pointing its fingers at China's alleged human rights problems and IPR violations.

Such hegemonism runs counter to the peaceful development aspired to by most people in the world and will impair Sino-US relations, said Wang.

According to Duan Ruichun, director of the IPR Office under the State Council, the US Government put forward a so-called urgent action plan from April 7 to 9 to force China to stop compact disc production.

After its unreasonable requirement was refused, the US listed China again as the "key country" violating the Special Agreements 301 on April 30.

On May 15 the US announced a trade sanction list involving \$3 billion of Chinese products that will be subject to 100 per cent import tariffs. The list will become effective 30 days later if no agreement is reached between the two governments.

China has been concentrating on making efforts to improve systems of copyrights authorization, sources identification of audio-visual products and supervision of audio-visual products factories.

The customs authorities have also taken protection measures to stop pirated products from being traded, Duan noted.

The US censure of China's IPR implementation is groundless, said Duan.

Guo Shoukang, a professor of the People's University of China and an arbitrator of the United Nations World Intellectual Property Rights Organization, said that in a short period of 17 or 18 years, China has set up a series of legal systems covering patent rights, trademarks and copyrights, and has joined many international IPR agreements.

Guo has been engaged in China's formulation of IPR laws and affairs of international IPR organizations and agreements since the late 1970s.

IPR violations and copyright infringements are worldwide problems, said Guo.

Statistics suggest that infringement of computer software reaches more than 35 per cent in the US, Guo quoted a law professor in Pennsylvania as saying.

"Even near the US Patent Bureau in Washington, I can see that pirated tapes and compact discs are commonly sold," said Guo.

China's efforts and achievements in IPR protection have been widely acknowledged by all those who do not have bias against China. The vice-president of the US-based company, Honeywell, has said he was very much impressed by China's efforts, explaining that's why his company decided to increase investment and give technology transfer in China.

Guo said that China will make more efforts to perfect its IPR protection as the country entered the field later than developed countries.

It is not because of the US pressure that China should improve IPR protection, but for sake of the country's own cultural development and meeting international practice, said Guo.

China welcomes international organizations, including those in the US, to offer co-operative assistance to improve its IPR protection.

It is unwise for the US to impose trade sanctions on China. Such a decision will influence bilateral trade and economic relations, said Guo.

The US Government should come back to equal consultation with China as soon as possible to prevent further deterioration of bilateral relations, said Guo.

Some experts have criticized the US sanctions as politically motivated.

Sub-Saharan Africa

PRC: Zimbabwe President Calks Upcoming Jiang Visit 'Tremendous'

OW1705004696 Beijing XINHUA in English
2115 GMT 16 May 96

[FBIS Transcribed Text] Harare, May 16 (XINHUA) — Zimbabwean President Robert Mugabe today said Chinese President Jiang Zemin's forthcoming visit to Zimbabwe is a tremendous event, marking the culmination of friendly relations between the two countries.

In an interview with Chinese correspondents, Mugabe said, "on behalf of the Zimbabwean government and people and also on behalf of my party Zanu-PF, I'd like to say how grateful we are for the visit that President Jiang Zemin is going to pay us."

"We are greatly indebted to China for the very substantial, military, political and diplomatic support that we got during our struggle for freedom and independence," the president told XINHUA.

"We would be very happy to show the president of China that this is the country we liberated, these are the people we also gave freedom and independence to," the president said.

"This is a country you can rely upon for formidable lasting relationship," he pledged, adding "his friendship as I said is a friendship for many, many years."

"We will open up our hearts...the whole of our nation, open ourselves up to welcome the head of state of China," the president said.

"We want the visit to be a big event for Zimbabwe and we shall take it precisely in that way," Mugabe promised.

The president praised the friendly relations between Zimbabwe and China, vowing to "give them deeper roots to ensure that there is cooperation now in the economic field."

"This is the reason we would want to discuss during the visit a number of areas. There are various areas where cooperation is possible," according to the president.

China imports tobacco from Zimbabwe, which is considering which products to import from China, Mugabe said.

He urged China to invest in Zimbabwe while enhancing cooperation in areas of culture, sports and arts.

On economic reforms, Mugabe said, "there are lots of reforms that have taken place in China. China still is a socialist state. We took into account the need for us to liberalize our economies."

"We must now to link our economies with the economies of our regions, the economies of the international community so we can also learn from them," he said.

PRC: Jiang Zemin Arrives in Mali, Issues Statement on Ties

OW1705130096 Beijing XINHUA in English
1229 GMT 17 May 96

[FBIS Transcribed Text] Bamako, May 17 (XINHUA) — Chinese President Jiang Zemin arrived here this afternoon on a state visit in an effort to further promote Sino-Malian friendly relations.

Jiang, in a written statement delivered upon arrival, said over the past 35 years, Sino-Malian relations have been

growing steadily and have stood the test of time and the changes in the international situation.

The purpose of his visit to Mali is to further increase mutual understanding and traditional friendship and promote the cooperation between the two countries.

Jiang said he was looking forward to holding talks with Malian President Alpha Oumar Konare and other Malian leaders on furthering bilateral relations and the international and regional issues of common concern.

The Chinese President flew here from southern Egyptian city of Luxor this morning. He has visited Kenya, Ethiopia and Egypt, and also will make a trip to Namibia and Zimbabwe.

President Konare, Prime Minister Ibrahim Boubacar Keita, Foreign Minister Dioncounda Traore and other senior Malian officials greeted Jiang and his delegation at the airport.

Chinese Vice-Premier and Foreign Minister Qian Qichen and other senior officials accompanying Jiang arrived here by the same plane.

Mali is one of the first group of African countries to set up diplomatic relations with the People's Republic of China. Thirty-two years ago, then Chinese Premier Zhou Enlai paid a visit to this country.

PRC: Jiang Zemin Meets With Malian Leaders

OW1705150196 Beijing XINHUA in English
1457 GMT 17 May 96

[FBIS Transcribed Text] Bamako, May 17 (XINHUA) — Malian Prime Minister Ibrahim Boubacar Keita said here today that China is a reliable friend of the developing countries.

While meeting with visiting Chinese President Jiang Zemin, Keita said that in the eyes of the Malian people, China is a country which upholds justice and safeguards the interests of the developing countries.

He noted that the Malian-Sino friendly relations are built on the Five Principles of Peaceful Co-existence.

Jiang, who arrived here earlier today on a state visit, expressed his satisfaction over the long-term, stable and smooth development of Sino-Malian relations.

In the political aspect, the two countries have supported each other and in economic spheres, they have conducted extensive and mutually-beneficial cooperation, Jiang said.

Under the new international situation, Jiang added, to further strengthen Sino-Malian friendly relations is in the interests of both countries.

Jiang praised Mali for having chosen a development model suitable for the country's real conditions, saying that he believes Mali will make bigger progress in its economic development.

Joining Prime Minister Keita in the meeting, Ali Nouhoum Diallo, president of Mali's National Assembly, expressed the hope that the current visit of Jiang will further promote the development of bilateral ties.

He noted that Malian-Sino friendship is a long-lasting one because the relations between the two countries are based on the principles abided by both sides.

Jiang went on to say that China will always support the just and great cause of the African people, adding that China is "sincere" in providing such support.

The Chinese head of state, who is at the fourth stop of his six-nation African tour, is scheduled to hold talks with Mali's President Alpha Oumar Konare later today.

PRC: Economic, Technical Agreement Signed With Mali 17 May

*OW1805000996 Beijing XINHUA in English
2225 GMT 17 May 96*

[FBIS Transcribed Text] Bamako, May 17 (XINHUA) — The Chinese and Malian governments signed an agreement on economic and technical cooperation here today.

According to the agreement, China is to provide 10 million yuan (about 1.2 million U.S. dollars) to Mali as assistance.

The money will be used either in the joint ventures of the two countries or to buy Chinese goods.

At the signing ceremony, representatives of the two countries also inked an agreement on an interest-free loan of 80 million Yuan (about 9.6 million U.S. dollars) from China to Mali to fund some Sino-Malian cooperative projects.

The two sides also signed a memorandum on the establishment of a Chinese investment and development center in Bamako, capital of Mali.

Visiting Chinese President Jiang Zemin and Malian President Alpha Oumar Konare witnessed the signing of these documents.

Wu Yi, Chinese Minister of Foreign Trade and Economic Cooperation, and Dioncounda Traore, Malian minister of state for foreign affairs, Malians abroad and African integration, signed the documents.

PRC: Jiang, Malian President Establish 'All-Weather' Friendship

*OW1805002796 Beijing XINHUA in English
2227 GMT 17 May 96*

[FBIS Transcribed Text] Bamako, May 17 (XINHUA) — Malian President Alpha Oumar Konare said here today that Mali attaches importance to the friendly relations and cooperation with China and hopes the two countries will expand the existing cooperation.

Under the current international situation, he told visiting Chinese President Jiang Zemin in their talks, Mali hopes that the two countries establish cooperative ties which will extend to the next century.

Jiang said Sino-Malian relations have been growing healthily and steadily since the two countries established diplomatic ties 35 years ago.

He commented that Sino-Malian relations have stood the test of time and can be an example of South-South cooperation. He added that China hopes to become an "all-weather friend" of Mali.

Jiang told Konare that China, which has begun reforming its foreign assistance system since last year, has not changed its position of sincerely helping the recipient countries.

Konare said Mali, as a member of some regional organizations in the west African region, is actively participating in political and economic affairs in the region and is making efforts to promote African integration.

He noted that Africa is undergoing a key period and Mali hopes that China will play a more positive role in African affairs. He added that Jiang's visit to Africa is very important.

The Malian leader said that African countries have made unremitting efforts in order to establish a fair and reasonable new international order and that the African nations appreciate the Chinese government's efforts in maintaining world peace.

Jiang praised Mali for pursuing an independent, good-neighborly and non-aligned foreign policy. He said China supports Mali's just stand of safeguarding the country's sovereignty and opposing external interferences.

Jiang went on to say that from the long-range and strategic point of view, Africa is a continent full of hopes.

PRC: Jiang Says Africa Important Part of 'Policy of Peace'

*OW1805035796 Beijing XINHUA in English
0232 GMT 18 May 96*

[FBIS Transcribed Text] Bamako, Mali, May 17 (XINHUA) — Visiting Chinese President Jiang Zemin said here today that the strengthening of friendly relations with African nations will remain an important part of China's independent foreign policy of peace.

China is to work hard in an effort to make Sino-African friendly relations more substantial, more concrete and more vigorous, Jiang said in a speech at a banquet hosted by Malian President Alpha Oumar Konare.

Under the new international situation after the Cold War, Jiang said, "equality, sincerity, unity and common development" are among China's principles of developing state-to-state relations with African nations.

The Chinese head of state pointed out that China and African countries should increase the exchanges between the young people so as to add new elements to the traditional China-Africa friendship.

Konare said Mali and China have conducted multiform cooperation since they established diplomatic ties in 1960. Through such cooperation, he added, China has helped Mali to lay the foundation of industries.

He said Mali-China cooperative management system is an example of South-South cooperation and should be encouraged.

The Malian president said China, as a faithful friend of Africa, can play its due role in joining the international community to restore peace in the African continent.

Jiang's entourage, including Vice-Premier and Foreign Minister Qian Qichen, were present at the banquet.

Mali's Prime Minister Ibrahim Boubacar Keita, president of national assembly Ali Nouhoum Diallo were also present.

Jiang is scheduled to leave here for Windhoek Saturday [18 May].

PRC: Jiang Zemin Pays Homage to Mali Martyrs

*OW1805140096 Beijing XINHUA in English
1319 GMT 18 May 96*

[FBIS Transcribed Text] Bamako, Mali, May 18 (XINHUA) — Visiting Chinese president Jiang Zemin today paid homage to the martyrs and pioneers who struggled for Mali's independence.

Jiang, accompanied by Mali President Alpha Oumar Konare, laid a wreath at the monument of independence in the center of Mali's capital Bamako.

Mali gained independence from French colonial rule on September 22, 1960, and the independence monument was erected last year.

PRC: Jiang Zemin Leaves Mali for Namibia; Communique Issued

*OW1805135496 Beijing XINHUA in English
1317 GMT 18 May 96*

[FBIS Transcribed Text] Bamako, Mali, May 18 (XINHUA) — Mali and China today reiterated that they are ready to bring bilateral relations into a new era by abiding by the principles of mutual respect and mutual benefit.

This was stated in a joint communique issued after Chinese President Jiang Zemin wound up his state visit to Mali today.

"Both Mali and China expressed satisfaction with the smooth development of bilateral relations," the communique said, "and Mali expressed gratitude for China's consistent support in its social and economic construction while China expressed gratitude for Mali's support in its activities in the international arena."

During his stay in this west African country, Jiang met with Mali President Alpha Oumar Konare and Prime Minister Ibrahim Boubacar Keita with whom he discussed international and domestic affairs.

The communique said that China will continue to provide Mali with aid and help in its economic development.

Mali stressed that it will stick to its one-China policy and will not deal with Taiwan through any official channels.

Both Mali and China agreed that the various crises in Africa and around the world should be resolved through peaceful dialogue and consultations.

The two countries are glad to see achievements in some of the peace processes now underway and they urged the international community to do more to contribute toward global peace and security, the communique added.

The Mali president and prime minister as well as Foreign Minister Dioncounda Traore went to the airport today to send off their Chinese guests who flew to Namibia.

Jiang's six-nation African tour has so far taken him to Kenya, Ethiopia, Egypt, Mali and Namibia. He is also scheduled to visit Zimbabwe.

PRC: Namibian President Welcomes Jiang Zemin's Upcoming Visit

*OW1705135596 Beijing XINHUA in English
1311 GMT 17 May 96*

["Feature" by Liu Yegang: "Nujoma Recalls Sino-Namibian Ties"]

[FBIS Transcribed Text] Windhoek, May 17 (XINHUA) — "That's great!" exclaimed Namibian President Sam Nujoma at the news that Chinese President Jiang Zemin is to visit Namibia on May 18-20.

"Welcome to our Chinese brother!" the excited president told Chinese Ambassador An Yongyu in their recent meeting.

When Nujoma recalled the victory of Namibians in his interviews with Chinese correspondents, he often said: it was with the firm support from the Chinese people that Namibia had won her independence in March 1990 from the then apartheid South Africa.

Having visited the People's Republic of China on eight occasions, Nujoma takes pride in his brotherhood with senior Chinese leaders and sentiment for the Chinese people.

He highly evaluated the advice from the late Chinese leader Chairman Mao Zedong and the late Premier Zhou Enlai on the necessity of waging a protracted struggle for national independence.

The advice proved correct. Unlike the prediction by some leaders of the South West Africa People's Organization (SWAPO) that the struggle would take only three to five years, it took as long as 23 years to win the final victory of the Namibian people, the president noted.

Nujoma takes pleasure in every achievement made in China. "China is a giant whose development in peace and stability is vital for Asia, Africa and the rest of the whole world," the Namibian president said at the New Year's Day reception early this year.

Nujoma has been a firm supporter of China in terms of human rights and Taiwan issues.

China has won world recognition of her success in maintaining peace, stability and high economic growth, which constitute the basis of human rights, according to the Namibian president, who accused those attacking China on the issue of being unjustifiable.

The president has time and again pointed out that Taiwan is an integral part of China and that Namibia won't follow any policy of "Two Chinas."

Nujoma has been paying special attention to projects of economic and technical cooperation between the two countries.

On the eve of the visit by the Chinese president to his country, Nujoma met again with the Chinese ambassador in early May to discuss preparations for the historic event of both countries.

"Please tell President Jiang, the Namibian government and people are looking forward to his visit," Nujoma said to the Chinese ambassador.

PRC: Jiang Zemin Arrives in Namibia, Releases Statement

*OW1805172996 Beijing XINHUA in English
1723 GMT 18 May 96*

[By Liu Yegang]

[FBIS Transcribed Text] Windhoek, May 18 (XINHUA) — Chinese President Jiang Zemin arrived here this afternoon to start a three-day state visit to Namibia to promote bilateral ties.

In a written statement made public upon his arrival at the airport, Jiang said the purpose of his visit is to "enhance friendship, strengthen unity, promote cooperation and learn from the Namibian people."

"I am looking forward to meeting President Sam Nujoma and other leaders of your country for exchange of views on developing bilateral relations and issues of common interest," said Jiang.

He said relations between the two countries "have been developing smoothly with ever-increasing high-level exchanges and fruitful economic cooperation."

Jiang expressed his belief that the visit will help consolidate and develop the friendly relations and cooperation between China and Namibia.

Namibian President Nujoma, Prime Minister Hage Geingob, Deputy Prime Minister Hendrik Witbooi and other cabinet ministers of Namibia greeted Jiang at the airport.

A grand ceremony was held at the airport in honor of the Chinese leader. Jiang reviewed a guard of honor of the Namibian armed forces after national anthems of both countries were played.

Members of Jiang's delegation who arrived here on the same plane included Vice-Premier and Foreign

Minister Qian Qichen and Minister of Foreign Trade and Economic Cooperation Wu Yi.

Namibia is the fifth leg of Jiang's six-nation African tour which has already brought the Chinese president to Kenya, Ethiopia, Egypt and Mali. He will proceed to Zimbabwe.

PRC: Jiang Zemin Meets With Namibian President
OW1805230196 Beijing XINHUA in English
1813 GMT 18 May 96

[FBIS Transcribed Text] Windhoek, May 18 (XINHUA) — Chinese President Jiang Zemin had brief talks with Namibian President Sam Nujoma on bilateral relations shortly after his arrival here this afternoon.

Jiang said he believes his current visit will help promote relations between China and Namibia.

Nujoma said China is an "all-weather friend" of Namibia. The Chinese government and people had helped Namibia to realize liberation, he added.

After Namibia's independence, he said, the friendly relations between two countries have been enhanced. Nujoma added that Namibia is "grateful to China" for its assistance in various fields after Namibia's independence.

Jiang described Nujoma, who had visited China many times, as "an old friend of the Chinese people."

The Chinese president echoed Nujoma by saying that Sino-Namibian relations have been growing very well since Namibia's independence.

Nujoma is to host a state banquet this evening in honor of the Chinese president.

Jiang and Nujoma are scheduled to hold formal talks tomorrow morning.

PRC: Friendship Official Hosts Banquet for Angolan First Lady
OW1805142796 Beijing XINHUA in English
1353 GMT 18 May 96

[FBIS Transcribed Text] Beijing, May 18 (XINHUA) — Qi Huaiyuan, president of the Chinese People's Association for Friendship with Foreign Countries (CPAFFC), met with visiting Angolan First Lady Ana Paula dos Santos and hosted a banquet in her honor here today.

Mrs. dos Santos arrived here Friday [17 May] for a goodwill visit to China at the invitation of CPAFFC.

In addition to Beijing, she will visit Shanghai and Shenzhen.

West Europe

PRC: Heseltine Arrives in Beijing With Trade Delegation 18 May

OW1805062196 Hong Kong AFP in English
0600 GMT 18 May 96

[FBIS Transcribed Text] Beijing, May 18 (AFP) — British Deputy Prime Minister Michael Heseltine arrived here Saturday [18 May] at the head of the largest British trade delegation ever to visit China.

Some 270 business leaders in sectors ranging from telecommunications and aerospace to financial services are accompanying Heseltine on a week-long visit aimed at strengthening commercial ties between the two countries.

During his stay in Beijing and Shanghai, Heseltine is scheduled to meet with senior Chinese leaders, including President Jiang Zemin and Premier Li Peng.

Although trade will be the main focus of the visit, political issues such as problems over the transfer of Hong Kong to Chinese sovereignty in 1997 will also figure on the agenda.

The British delegation will be looking to boost Britain's presence in the Chinese market, especially given the current rift in Sino-US relations which many European countries feel could work to their advantage amid strong competition for lucrative Chinese contracts.

Britain is currently the largest European investor in China, but lags behind Germany in terms of trade.

A number of joint-venture deals are scheduled to be signed during Heseltine's visit, including a long-term project by drugs group Zeneca, which will be launched with an investment of 100 million dollars. The trade delegation will also include executives from British Aerospace, British Airways, British Telecommunications, Cable and Wireless, industrial conglomerate GEC, investment bank Robert Fleming and Rolls Royce plc.

PRC: British Deputy Prime Minister, Delegation Arrive in Beijing

OW1805065296 Beijing XINHUA in English
0645 GMT 18 May 96

[FBIS Transcribed Text] Beijing, May 18 (XINHUA) — Michael Heseltine, British deputy prime minister, arrived here this afternoon for a week-long visit to China at the invitation of Chinese Vice-Premier Li Lanqing.

It was learned that Li and Heseltine will hold talks tomorrow on Sino-British ties and other issues of common concern.

Heseltine is also expected to meet with top leaders of the Chinese government.

Besides Beijing, Heseltine will travel to Shanghai, China's largest industrial city, and Zhuhai, one of China's Special Economic Zones.

PRC: British Deputy Prime Minister Heseltine Arrives in Beijing

OW1805091996 Beijing XINHUA Domestic Service in Chinese 0743 GMT 18 May 96

[FBIS Translated Text] Beijing, 18 May (XINHUA) — At the invitation of State Council Vice Premier Li Lanqing, British Deputy Prime Minister Michael Heseltine arrived in Beijing today for a seven-day visit to China.

It is reported that Li Lanqing will hold talks with Heseltine tomorrow, during which they will exchange views on bilateral relations and issues of common interest. Besides, Heseltine will call on principal Chinese leaders.

In addition to Beijing, Heseltine will also visit Shanghai and Zhuhai.

PRC: Heseltine Arrives in Beijing, Meets Chinese Top Leaders

HK2005093096 Hong Kong WEN WEI PO in Chinese 18 May 96 p A2

[Report by staff reporter Han Hua (7281 2901): "Heseltine Arrives in Beijing Today at the Head of a Huge British Trade Delegation"]

[PTS Translated Text for FBIS] Beijing, 17 May — At the invitation of Chinese Vice Premier Li Lanqing, Michael Heseltine, British deputy prime minister and first secretary of state, will arrive in Beijing at noon tomorrow [18 May] for a week-long visit to China. It is understood that apart from visiting Beijing 18-21 May, he also will fly to Shanghai on the 22d and arrive in Zhuhai on the 24th.

During this visit, Deputy Prime Minister Heseltine and Chinese leaders, as well as officials from various ministries and commissions, will exchange more views on the development of bilateral relations and on the economic and trade relations between the two countries. Accompanied by some 250 public figures in the British industrial, commercial, and business circles, his itinerary will be a very tight one.

It has been learned that State President Jiang Zemin will meet with Heseltine in Zhuhai on 24 May following his six-nation Africa tour. Premier Li Peng and Vice Premier Li Lanqing will meet Heseltine and his party separately in Beijing. Moreover, principal officials from various ministries and commissions — including Zhu Yuwang [2612 5148 2598], vice minister of foreign trade and economic cooperation [as published] and president of the Chinese General Company of Aeronautics Industry; Hou Jie, minister of construction; Chen Guangyi, director of the Civil Aviation General Admin-

istration of China; Bao Xuding, minister of machine-building industry; Wu Jichuan, minister of posts and telecommunications; Shi Dazhen, minister of power industry; and Gan Ziyu, vice minister of the State Planning Commission — will hold separate talks with Heseltine and his party.

While in Beijing, Heseltine will attend or preside over three official symposiums, i.e. the "aircraft symposium," the "telecommunications symposium," and the "securities symposium." He also will go to the Imperial Palace to attend the ceremony in which the British Rover Group donates Rover cars to the palace, as well as the handover ceremony of an Airbus in Beijing.

PRC: UK's Heseltine Attends Sino-UK Aerospace Industry Forum

OW2005094096 Beijing XINHUA in English 0924 GMT 20 May 96

[FBIS Transcribed Text] Beijing, May 20 (XINHUA) — British Deputy Prime Minister Michael Heseltine expressed his hope today that Britain and China would increase their cooperation in the aerospace industry.

He told a Sino-UK aerospace industry forum in Beijing that as Britain has a complete modern aviation production industry, and China's aerospace market is enjoying rapid development with a great potential, the cooperation between the two countries would be beneficial to both.

Zhu Yuli, president of the Aviation Industries of China (AVIC), said at the forum that long-term and friendly Sino-British cooperation in aerospace has yielded significant fruits.

He said that China is undergoing smooth negotiations with aircraft manufacturers of Britain, France and Italy on developing China's 100-seater regional aircrafts project.

It is possible that the B2715 air engine jointly made by Britain's Rolls-Royce and Germany's BMW would be selected as the engine of the project, he added.

Before attending the forum sponsored by AVIC and the Society of British Aerospace Companies, Heseltine and Zhu were also present at a press conference at which the establishment of a joint-venture between Xian Aero Engine Company (XAE) under AVIC and Rolls-Royce was announced.

The new company will produce aerofoils for Rolls-Royce's air engines, becoming the single source supplier for the casting and machining of components for Rolls-Royce's latest engines.

The joint-venture will generate 20 million US dollars from export sales each year after it begins full operation in 1998.

Political & Social

PRC: Papers Warn of 'Pro-Independence' Activity

OW1905073296 Hong Kong AFP in English
0648 GMT 19 May 96

[By Lorien Holland]

[FBIS Transcribed Text] Beijing, May 19 (AFP) — Uprisings in China's frontier regions of Xinjiang and Tibet have put the Communist Party on full alert and prompted a fierce crackdown on pro-independence groups, according to reports reaching Beijing.

The TIBET DAILY devoted most of its front page to warnings of heightened pro-independence activity, including a bombing campaign, while the XINJIANG DAILY urged the army to tighten security around key installations and expose the "violent activities" of hostile forces.

Neither official newspaper has previously admitted to such strong anti-Chinese activities.

"In recent years, the Dalai clique has continuously carried out violent damaging activities," said Raidi, chairman of the standing committee of the Tibet People's Congress in a speech carried May 11.

"They have already created several explosive cases and created various criminal activities which threatened property and lives.

"It is our number one political duty to defend social stability and the unity of our motherland. Tibet is at the forefront of the anti-splittism struggle," he added.

China "liberated" Tibet in 1951 and its god-king, the Dalai Lama, fled to India after an abortive uprising in 1959. Since then, all struggles against Chinese rule have been put down swiftly, although Raidi admitted there had been a resurgence of violence.

A signed commentary also carried in the TIBET DAILY accused the Dalai clique — China's label for Tibet's ephemeral pro-independence activists — of inciting murder, violence and rioting.

"Under the encouragement and support of Western anti-Chinese forces, the Dalai clique has plotted and incited riots. It has incited splittists to engage in murder and violence and create trouble," the commentary said.

According to the London-based Tibet Information Network (TIN), at least 40 people were arrested and several detained after a May 7 protest against Chinese rule in Ganden Monastery near the capital Lhasa.

The protest erupted after Chinese authorities banned the display of all photographs of the Dalai Lama — the spiritual head of Tibetan Buddhism.

"The facts fully prove that the Dalai Lama is the key head of the Tibet independence splittist political clique. He is a loyal tool of the anti-China western forces, who are a key source of creating social turmoil in Tibet," the editorial said.

In neighbouring Xinjiang, the Communist Party's standing committee ordered a serious crackdown on violent "enemy" activities and a stepping up of security around railways, power stations and warehouses, the XINJIANG DAILY reported.

"We must expose the violent activities created by these hostile forces and let the people know their real face ... The enemy's plot must not be realized," said Li Fengzi, chairman of Xinjiang's politics, science and law commission.

"We must work out protective and preventative security measures to prevent the success of the enemy's plot especially in key factories, mines, enterprises, markets, department stores and warehouses, water and electricity supplies, railways, and air routes," Li said.

Xinjiang — the name translates as new frontier — is predominately Moslem and borders five Moslem states, including three in central Asia that gained independence after the collapse of the Soviet Union.

In the past, sporadic uprisings against Chinese rule have been routinely silenced, but police netted 1,700 suspected terrorists, separatists and criminals in a six-day anti-crime binge at the end of April.

Moslem activists in exile in neighbouring Kazakhstan say their supporters in Xinjiang number more than one million and that 27 secret organizations are operating.

The head of the United National Revolutionary Front in exile in Almaty said last month a terrorist group called the Tigers of Lop Nor had blown up a vehicle in Xinjiang's capital, Urumqi, at the end of February and killed nine Chinese officials.

PRC: Situation of Pro-Democracy Activists on Eve of 4 Jun

HK2005050496 Hong Kong SING TAO JIH PAO
in Chinese 19 May 96 p a2

["Special dispatch": "Pro-Democracy Activist Li Hai Was Arrested"]

[PTS Translated Text for FBIS] The "Information Center for Human Rights and the Pro-Democracy Movement in China" said yesterday that Beijing pro-democracy activist Li Hai will be tried secretly. Li Hai, aged 35, was formerly a postgraduate student at Beijing University. In 1990, he was put under detention for 18

months for participating in a commemoration of the "4 June" incident. In 1993, he participated in the launching of the "Peace Charter" campaign. On 31 May last year, he was arrested again by public security organs for signing a 56-person petition initiated by Wang Dan. After his detention for nearly one year, his family members were informed last month that Li Hai had been officially arrested for divulging state secrets. On 9 May, his mother learned from the relevant departments that when Li Hai is brought to trial, his family will not be allowed to be present at the hearing, or participate in defending the case.

According to reports, as "4 June" is approaching, the atmosphere in various localities has become tense again. Zhejiang pro-democracy activist Wu Gaoxing, who last year appealed for the release of Wei Jingsheng, was detained by public security organs from 14 to 15 May. Furthermore, on 16 May, when once-noted dissident Ding Zilin returned home to Beijing from Wuxi, public security personnel, who were waiting for her at the gate of her house, started keeping a close watch over her. As of the day before yesterday, Wang Dan had been put under around-the-clock surveillance. The Public Security Department ordered Nanjing pro-democracy activist Xu Shuliang not to leave his home.

PRC: Wang Dan's Mother Still Trying To Establish His Whereabouts

*HK2005092996 Hong Kong EASTERN EXPRESS
in English 20 May 96 p 6*

[By Baby Sung in Beijing]

[PTS Transcribed Text for FBIS] A year after prominent dissident Wang Dan was taken for questioning by Chinese authorities, his mother is still trying to find out where he is.

A former student of Beijing University and one of the leaders in the pre-democracy demonstrations in Tiananmen Square in 1989, Mr Wang was taken for interrogation by public security on 21 May last year and has not been seen since.

His mother, Wang Lingyun, said yesterday she was desperate to find her son.

"May 21 marks one year since he was detained.

"It is worse than him being in jail — at least then I could visit," Ms Wang said.

"As a mother, I want my son to be with me. Every mother normally thinks that way."

In the past year, Ms Wang has made repeated requests to the Beijing Municipal Public Security Bureau for information on her son, but to no avail.

She also approached various party and government organisations including the Communist Party's Central Committee, State Council and the Beijing municipal government, but received no replies.

Ms Wang said all she could do was wait.

"Only six Chinese characters can express my feelings. They are Jiao Ji (anxious), Deng Dai (waiting) and Wu Nai (no alternative)," she said.

"I am anxious about my son's condition and have been waiting everyday for information — what else can I do?"

Ms Wang said the only contact she had with her son was via a list of books, delivered occasionally by police, that her son wanted to read.

She believed the booklists are written by her son because she recognised his handwriting.

"The booklists have been the symbol of his existence," she said.

The requested books are varied and include theory, history, social sciences, literature and foreign language.

Ms Wang said the booklists contained no other information.

Ms Wang is a researcher at the Chinese Revolutionary Museum and her husband is a professor in geology at the Beijing University.

More than two weeks before 4 June, Public Security officers will be stationed outside the residence of the Wang family in the Western District of Beijing.

The same also happened to the family of another jailed political dissident Chen Ziming.

The dissident's sister Chen Zihua visited her brother last month and said he was in bad health. Miss Chen said she was granted another visit for next Saturday.

Mr Wang and Mr Chen were arrested after the June 4 crackdown in 1989.

Mr Chen was sentenced to 13 years imprisonment and Mr Wang was released after being detained for more than a year without trial. But Mr Wang claimed he remained under the threat and watch of Public Security after his release.

PRC: Li's 'Apparent Olive Branch' Not Enough for China

HK2005092796 Hong Kong SOUTH CHINA MORNING POST in English 20 May 96 p 8

[By Willy Wo-Lap Lam]

[PTS Transcribed Text for FBIS] Beijing will likely react to Taiwan President Lee Teng-hui's conditional offer to visit the mainland by demanding that he come up with more "acts of sincerity" in eschewing independence.

Sources close to Beijing's Taiwan policy makers said yesterday the Chinese leadership would not be placated by Mr Lee's apparent olive branch. They said such gestures would only have meaning if the Taiwan leader put an end to his flexible diplomacy.

The final draft of the Taiwan President's inaugural speech said he would continue with policies to expand the island's international space.

Moreover, in interviews over the past week, Mr Lee pointed out his wish to visit the United States and Japan next year. "The Beijing leadership has, in internal discussions, repeatedly decried Lee's 'lack of sincerity'," a source said.

"Beijing will keep up the pressure on Lee and Taiwan unless there are concrete steps such as Taipei giving up its campaign to rejoin the United Nations."

The source said Beijing would also be disappointed that Mr Lee had precious little to offer on concrete steps to reach direct communications and trading links.

This was one area that mainland authorities would have reacted to with the most enthusiasm.

Diplomatic analysts said apart from more official editorials attacking Mr Lee's alleged plot to bring about independence, Beijing would in the coming months concentrate on diplomatic means to isolate the island. More efforts and funds are being earmarked for persuading Third World countries to sever links with Taipei.

This diplomatic offensive has been set by President Jiang Zemin's ongoing trip to Africa, where Taiwan has established several footholds.

It is understood, however, that Beijing will not switch back to a "war games diplomacy" in the foreseeable future.

"Hawkish" generals such as Zhang Zhen and Zhang Wannian are known to have temporarily stopped pronouncing judgments on the Taiwan situation.

And the effort of the People's Liberation Army is focused on how to increase its superiority over the

Taiwan forces and to repel possible American "military intervention" in the Taiwan Strait.

A Liberation Army Daily commentary said yesterday the "interests of the motherland override everything".

Such "interests" included territorial integrity and national unity.

The paper called on soldiers to give up all personal interests for goals including national reunification.

PRC: Report Criticizes Foreign Control of Key Industries

HK2005083296 Hong Kong EASTERN EXPRESS in English 20 May 96 p 1

[By staff reporter]

[PTS Transcribed Text for FBIS] In a stinging attack on Oei Hong Leong and his locally listed group China Strategic Holdings (CSH), a mainland newspaper has urged China to stop key industries and companies from falling under the control of foreign investors.

On Saturday, a front-page report in Financial News, a daily published by key financial institutions led by the People's Bank of China, blasted the ease with which foreign investors have gained control over China's enterprises and said assets were in danger of falling into foreign hands.

The paper said the "China Strategic Holdings investment phenomenon" which it claimed typified investment methods in the mainland tyre industry is contrary to the country's interest.

It defined the phenomenon as a combination of direct and indirect investment which it said Oei used to take control of mainland enterprises for profiteering.

The paper said Oei invested only a small amount in the mainland tyre manufacturer, taking the controlling stake, but then, by listing acquired assets in the United States, had secured capital of more than US\$100m (about HK\$780m), which he then ploughed back into more companies in an attempt to repeat the process.

China Tire Holdings, a subsidiary of CSH — which has seven operating subsidiaries across China — is listed on the New York Stock Exchange.

CSH claimed China Tire was probably ranked number one in terms of production capacity in China. In 1994, it sold 5.2 million vehicle tyres and achieved turnover of Rmb1.769bn (HK\$1.597bn).

Of the mainland's 59 biggest tyre companies, the paper claimed 10 are in the hands of foreign investors.

Ten of the top 13 pharmaceutical manufacturers are controlled by foreign investors, giving them disproportionate control over the industry, it said.

The criticism caps a bad year for the CSH chairman, who is also a non-executive director of Ming Pao Enterprise.

Last June, an agreement between CSH and Beijing-based Stone Group was shelved.

PRC: Editorial on Foreign Control of Industry in PRC

HK2005083596 Hong Kong EASTERN EXPRESS in English 20 May 96 p 14

[Editorial: "Profitable Lesson in Economics"]

[PTS Transcribed Text for FBIS] After more than a decade of economic reform and learning of the capitalist system, China still seems to need a few lessons in market economy. A state-controlled newspaper has accused the chairman of China Strategic, Oei Hong Leong, of leveraging huge profits by taking over a few state-owned enterprises with little capital, and placing their shares in the United States.

According to the weekend report, Oei raked off profits of more than US\$100m (HK\$780m), which he reinvested in other state-owned enterprises, including tyre manufacturing. The newspaper warned that a number of tyre manufacturing enterprises have now fallen into the hands of foreign investors, who are threatening the "national industry".

China's accusation stems from utter economic ignorance. When a businessman makes a commercial decision, he does so with profits in mind. Costs will be a part of his basic calculation, measured against what he is likely to get back.

Oei is entirely right to use this simple formula while making a decision on taking over a state-owned enterprise in China. If he has, as the newspaper claims, managed to secure a level of profit out of the leverage, he deserves congratulations, not condemnation. Many other business tycoons may be doing the same thing everyday.

China should welcome Oei's efforts instead of appearing concerned. Only by being taken over by a foreign investor can a state-owned enterprise with a sloppy record be rejuvenated, and an average one improved. It inspires efficiency among workers to face new challenges. Without foreign investment, these enterprises are unlikely to improve themselves and will remain unable to compete in the market. China has not been grateful to Oei for his

contribution, but accused him of plotting to monopolise the country's tyre industry.

This is not surprising for a country where making petty profit out of "speculation" was a crime punishable by death until 20 years ago. It is not surprising for a government that has long taught its people to hate landlords and capitalists.

The Cultural Revolution, which ended in disaster, was launched exactly thirty years ago to root out China's remaining capitalist enemies. How can a government that still refuses to admit a few fundamental "mistakes" that have prevented the country from developing an economic civilisation be expected to understand a few lessons in capitalism?

The warning to Oei not only indicates the level of economic knowledge of the Chinese government, but sends a signal to others who have or are contemplating similar ways of doing business in the most populated market in the world. Beijing still refuses to share some of the fundamental concepts of the free market, although it has been repeatedly claimed that it welcomes foreign investment to improve its economy.

It is not known why Oei was chosen as the scapegoat, perhaps it has some remote connection with a Chinese newspaper he owned in Hong Kong which has spoken out in favour of press freedom. If it is a reflection of China's understanding of market economy, Oei, and perhaps other businessmen, will need to reconsider their strategies of doing business in China before further charges are pressed.

PRC: Hubei To Pick Leading Officials Through 'Open Bidding'

OW1805083496 Beijing XINHUA in English 0812 GMT 18 May 96

[FBIS Transcribed Text] Wuhan, May 18 (XINHUA) — Central China's Hubei Province has decided to promote through open bidding 21 younger officials to leading posts in the first half of 1996, according to the Hubei provincial government.

An official of the Provincial Personnel Department said that the move is designed to reform the current personnel management system under which leading officials at various levels are appointed by authorities at a higher level.

The official said that the 21 officials to be promoted through public bidding will serve as deputy directors of 20 provincial departments, including the Provincial Personnel Department and the Provincial Department of Justice.

He said that candidates must come from provincial departments, major state-owned enterprises, institutions, colleges, universities or research institutes.

He said, "Those bidding for such posts must be under 45 years of age, have served at a post equivalent to that of a county magistrate for least four years, have a college education and have worked at a grassroots unit for at least two years."

Candidates can be recommended by their colleagues or recommend themselves, he said, adding that they must undergo examinations and be interviewed by the Provincial Personnel Department.

Those to win the bidding will work on a trial basis for one year. After that period those who have proved themselves qualified for leading positions will be officially appointed, the official said.

"Those who prove themselves to be unqualified will either continue working on a trial basis, be transferred to other posts or return to where they came from," he added.

PRC: Li Peng Makes Inspection in Yunnan
OW1705165796 Beijing XINHUA in English
1603 GMT 17 May 96

[FBIS Transcribed Text] Kunming, May 17 (XINHUA) — Economic development and social progress in ethnic minority regions is crucial to invigorating China, a country with many national groups, said Premier Li Peng, who was visiting southwest China's Yunnan Province, which has many minority groups, between May 10 and 17.

Li said that local officials should sincerely follow the Party's policy on ethnic groups and that economic progress is the basis of national unity, which is in turn the condition for economic growth and social stability.

In the company of top local officials, Li visited minority families, and attended folk festivals, and said that more politically qualified minority cadres who also know how to develop local economy should be trained and education in minority areas should be improved.

He said Yunnan is rich in natural resources and has great development potential, and made progress under the 8th Five-Year Plan (1991-95).

Li said the province should attach greater importance to its infrastructure, make more use of its resources and develop more pillar industries.

The premier asked local officials to pay greater attention to agriculture and find ways of becoming self-sufficient in grain supply within five years.

He also urged them to increase border trade to improve the minority economy and cooperative relations with neighboring countries.

Li said that the fight against crime, especially drugs, should be intensified.

He said the Chinese government has always been concerned about the war on drugs and that Yunnan faces a heavy task in this regard.

The premier also visited the quake-hit Lijiang area during his tour in the province.

PRC: Bohai Sea Pollution From Sunken Boat Said 'Under Control'

OW1805094596 Beijing XINHUA in English
0846 GMT 18 May 96

[FBIS Transcribed Text] Beijing, May 18 (XINHUA) — Water pollution on east China's Bohai Sea, caused by leaking oil from a sunken fishing boat, has been brought under control, according to sources with the China Maritime Search and Rescue Center (CMSRC).

The "Zhepuyuyou 31" boat was carrying 480-tons of engine oil when it collided in thick fog with a ship of an unidentified nationality in the early morning of May 1.

The boat was seriously damaged in the middle part of its body, allowing the oil to leak.

The boat's 11 crewmen escaped from the sinking boat after the collision, and were rescued by a nearby vessel.

The rescue center asked its branches in Liaoning and Shandong provinces, which are closest to the spot, to recover the boat as soon as possible, after it was informed of the collision.

But rescue work was delayed because of heavy fog. A Chinese Navy "631" submarine arrived at the spot on the afternoon of May 1, and found that the fishing boat had sunk below the surface.

The submarine also detected a two kilometer long and 200 meter wide oil slick near the spot, which continued to grow as oil poured out from the boat.

About 15 ships and an airplane were mobilized by CMSRC to the spot, helping clean the oil floating on the surface of the sea. But there were many other ships and vessels sailing through the polluted waters nearby, hampering the clean-up operation.

All of the located oil slicks have been cleaned, but the rescue vessels are trying to find whether there are other new oil slicks, in order to ensure all the polluted waters are cleaned.

PRC: Officials Warn Against Cheats in New Canal 'Rumor'

OW1705131996 Beijing XINHUA in English
1255 GMT 17 May 96

[FBIS Transcribed Text] Beijing, May 17 (XINHUA) — Chinese officials today declared the building of so-called Shuoxian-Tianjin canal as a "rumor."

Fund raisers are trying to gather money to launch the project for the 580-kilometer long waterway. But today Chinese officials described fund-gathering practices concerned with the non-existent project as illegal.

Individuals have been going about in the mainland, Taiwan, Hong Kong and Macao promoting the project, a canal to connect Shuoxian County in North China's Shanxi Province with the coastal city of Tianjin, and raising money. But some people and companies have already filed complaints claiming that they have been cheated.

A panel of officials from the State Planning Commission, the Ministry of Water Resources and the Ministry of Communications called an urgent press conference in Beijing today.

They emphasized that China has never approved the project, and have ordered its public security and law departments to investigate the case.

The officials called the project unfeasible, saying that the canal would have no guarantee of water resources.

"The canal is designed to fetch water from the Wanjiazhai Reservoir along the upper reaches of the Yellow River, however, because the area is arid and semi-arid, water resources are unstable, especially before the project to channel the water of the Chang Jiang River to the North is launched," they said.

They said that the project also poses tremendous technical difficulties because the canal would start from mountainous and hilly areas in the west, some 1,000 meters higher than Tianjin.

Also, because of the huge construction costs, neither the Central government nor any local governments can afford them financially, they said.

The officials said that supporters of the canal project believe that the scheme could help transport coal from Shanxi Province to the eastern parts of China, where industrial developments are badly in need of fuel and energy.

The officials called the water link unnecessary, saying that China has already built a special railway for the purpose, and is drafting plans for another.

They said that the digging of the canal would aggravate water shortages in the middle and lower reaches of the Yellow River and cause more frequent dry spells.

Zhou Nan, a division chief with the State Planning Commission, said that she has been voicing her objection to the "project" ever since the so-called project was first announced in 1989. But she was astonished to find her name in the list of supporters for the project.

The officials said that China would never resort to the project as a measure to relieve the water shortages in north China.

They said that China regards a project to channel water as one of its key measures to solve water shortage problems, and that China is actively studying ways of carrying out plans to bring water from the Chang Jiang River in southern China to the north. But that does not include the project for the canal-that-never-was.

PRC: Vice Premier Jiang Chunyun on Township Enterprises

OW1705141396 Beijing XINHUA in English
1405 GMT 17 May 96

[FBIS Transcribed Text] Yinchuan, May 17 (XINHUA) — Township enterprises in China's coastal areas and those farther inland need to increase cooperation to shorten the gap in economic growth between the two areas, Vice-Premier Jiang Chunyun said here today.

Jiang is in the capital of northwest China's Ningxia Hui Autonomous Region to attend a conference on cooperative exchanges between coastal and inland township enterprises.

"Cooperation between township enterprises across the country will play a vital role in speeding up economic development in the vast central and western areas of China," Jiang noted.

During the Ninth Five-Year Plan (1996-2000), he pointed out, China is expected to generate 150 billion yuan in revenue and provide 5 million jobs in rural surplus labor by means of coastal and inland township enterprise cooperation, and to select 200 prototype regions for the cooperation.

"The cooperation will not only involve funds, but also technology, personnel, and management," he explained, adding that it can take many forms.

He said that funding, technology, management skills, and trained personnel from coastal regions can greatly help improve existing township enterprises in central

and west China, and went on to say that township industries must place more emphasis on science and technology, improving management, and adjusting industrial and product structures if they are to develop further.

Since China launched a project to increase cooperation between township enterprises in 1995, 10,000 cooperative agreements, worth 30 billion yuan, have been signed, bringing some 15 billion yuan in funds to inland areas.

Some 2,100 cooperative township enterprises were set up and over 50,000 personnel from inland areas trained.

PRC: Crime and Punishment in PRC 29 Apr-14 May

OW1705014796

[FBIS Report] The following is a compilation of reports on crime, sentencings, punishments and other judicial-related activities in the PRC monitored by Okinawa Bureau during the period from 29 April to 14 May 1996. The source and mode of processing are given in parentheses after each report:

Meeting on Anticrime Drive Held in Hainan

On 24 April, a Hainan provincial meeting on the work of cracking down on crimes was held at the provincial committee auditorium to relay to participants central guidelines for the work and to make arrangements for a provincewide drive. Provincial Party Secretary and Governor Ruan Chongwu addressed the meeting, calling on all departments concerned to resolutely implement the party Central Committee's and the provincial party committee's policies so as to maintain the stability of Hainan and ensure the smooth progress of its reform and opening up and economic construction. (Summary) (Haikou HAINAN RIBAO 29 Apr 96 p 1)

Operations Launched Throughout Sichuan To Crack Down on Crime

On the evening of 28 April, over 140,000 public security policemen, officers and men of the armed police force, members of public security joint-defense teams, and party and government cadres throughout Sichuan Province were deployed to launch the first operations against crimes in 23 cities, prefectures, and autonomous prefectures. In Chengdu City, over 10,000 policemen, in cooperation with over 12,000 armed policemen and public security joint-defense team members, were called out to raid up to 1,000 districts and public venues with poor public order. Over 900 criminals were arrested, of whom 290 had to undergo reeducation through labor. In Chongqing City, 38,000 public security policemen, armed police officers and men, and public security

joint-defense team members were called out to check places with poor public order, during which 400-odd criminals were arrested. In Guangyuan City, over 1,600 public security policemen, in cooperation with over 3,000 public security joint-defense team members and party and government cadres, were called out to raid over 700 key places with poor public order; and over 500 criminals were arrested. In Leshan City, 2,215 policemen, 1,159 public security joint-defense team members and 1,331 party and government cadres were deployed to raid 2,451 rent houses, 820 inns and roadside shops, 1,253 entertainment venues, and 1,426 public places with poor public order and to set up 30 road blocks. In Liangshan Autonomous Prefecture, 4,386 policemen and other forces were called out to sweep 146 key places. At least 133 cases were cracked, 253 criminals caught, and 29 firearms and some illicit money and spoils were seized. (Summary) (Chengdu SICHUAN RIBAO in Chinese 29 Apr 96 pp 1, 3)

Shanghai Makes Arrangements for Second Quarter Anticrime Operations

A few days ago, Shanghai Municipal Public Security Bureau made arrangements for launching anticrime operations throughout the municipality in the second quarter, urging all levels of public security organs to crack a number of vicious cases in the near future; to interrogate culprits with greater intensity; to deal a telling blow to such crimes as murder, robbery, rape, and theft; to track down criminals at large as soon as possible; and to take forceful measures to seriously clear up and rectify crime-ridden public venues. (Summary) (Shanghai JIEFANG RIBAO in Chinese 29 Apr 96 p 1)

Guiyang City Scores Initial Results in Cracking Down on Crime

Anticrime operations were launched in Guiyang City on the evening of 26 April, during which 396 cases were cracked, 609 lawbreakers and criminals were arrested, and 349,597 yuan's worth of illicit money and spoils were seized. Among all the cases cracked, 51 were major cases and 11 were exceptionally large ones, in which 32 criminal gangs were smashed, 121 gang members were arrested, and 97 grams of heroin were seized. Among the people caught, 213 were criminal offenders, including 25 criminals at large. (Summary) (Guiyang GUIZHOU RIBAO in Chinese 30 Apr 96 p 1)

Guangxi Party Secretary on Anticrime Drive

Guangxi Party Secretary Zhao Fulin has chaired a number of regional party committee meetings to make arrangements for implementing central guidelines on

maintaining social order. He called on all departments concerned to seriously carry out the anticrime drive and achieve practical results. In particular, strenuous efforts must be made to knock out such crimes as murder, sabotage, robbery, arms smuggling, drug trafficking, car theft, road banditry, and hooliganism; to sweep away such social evils as drug addiction, gambling, prostitution and womanizing, and production and sale of pornographic materials; to confiscate such dangerous articles as firearms and ammunition; and to mete out severe punishment to criminals seriously endangering social order. According to incomplete statistics, from 20 to 29 April, the Guangxi authorities cracked 2,297 criminal cases, including 770 major ones, smashed 158 criminal gangs, arrested 5,940 offenders, and seized 3.63 million yuan's worth of illicit money and spoils. (Summary) (Nanning GUANGXI RIBAO 30 Apr 96, p 1)

Four-Month Anticrime Drive Launched in Zhejiang
Zhejiang has decided to launch a four-month provincewide crackdown on serious criminal activities from April, according to a provincial meeting on the work held a few days ago. Zhejiang Provincial Party Secretary Li Zemin addressed the meeting, saying that strenuous efforts must be made to crack down on serious violence, armed robbery, syndicate crimes, drug-trafficking, arms-smuggling, abduction of women and children, and theft. (Summary) (Hangzhou ZHEJIANG RIBAO in Chinese 30 Apr 96 p 1)

Jiangxi's Anticrime Drive Achieves Initial Success

Late on the night of 26 April, provincewide operations were launched to ferret out criminal offenders, during which over 40,000 public security policemen, party and government cadres, and public security joint-defense team members were deployed. As a result, a number of criminal offenders, including over 700 criminals at large, were arrested, 125 criminal gangs were smashed, over 1,200 criminal cases were cracked, and over 2.38 million yuan's worth of illicit money and spoils were seized. (Summary) (Nanchang JIANGXI RIBAO 1 May 96 p 1)

Fujian's Leading Group on Antivice Drive Hears Inspection Report

On 30 April, the Fujian Provincial Leading Group on the Antivice Drive called a meeting in Fuzhou to hear a report on the situation of the first-stage provincewide crackdown presented by the head of the group that had inspected the crackdown work in nine prefectures and cities. The meeting also called on party and government chiefs at all levels to personally direct the operations.

(Summary) (Fuzhou FUJIAN RIBAO in Chinese 1 May 96 p 1)

Over 800 Offenders Caught in Hainan 8-29 April

According to incomplete statistics, more than 100 exceptionally large criminal cases were cracked, 20 criminal gangs were smashed, and over 800 offenders, including 30 criminals at large, were caught throughout Hainan Province from 8 to 29 April. In particular, the Haikou City Public Security Bureau cracked a series of exceptionally large robbery and murder cases that occurred in Haikou and in Guangdong's Zengcheng in which five persons were killed, arrested two principal culprits, Liu Xiaoli and Guo Yanfeng, and retrieved over 200,000 yuan's worth of property robbed. (Summary) (Haikou HAINAN RIBAO 1 May 96 p 1)

Hong Kong, Taiwan Drug Traffickers Caught in Quanzhou, Jinjiang

On 18 April, the police in Quanzhou City cracked an exceptionally large drug-trafficking case, in which eight persons, including a Hong Kong drug trafficker and three Taiwanese drug traffickers, were arrested and 27 kg of heroin seized. On the same day, policemen from a border-defense unit of the Jinjiang City Public Security Bureau unearthed two cases of heroin on a small Taiwan fishing boat during a routine inspection. After further investigation, a Taiwanese drug trafficker surnamed Wu and four mainlanders were caught, and a Hong Kong drug trafficker surnamed Yu was later captured in Xiamen. (Summary) (Fuzhou FUJIAN RIBAO in Chinese 2 May 96 p 1)

Seven Criminals Executed in Zunyi City

On the morning of 30 April, the Zunyi Prefecture Intermediate People's Court called a public rally in downtown to sentence seven criminals to death, who were executed immediately afterwards. Among the criminals executed, Lai Zhengyi was a murderer who killed a 4-year-old child after abducting him on 30 June 1993; Zheng Xingming was a murderer who killed a man on 8 January 1996 after the victim asked him for pay; and Su Duanfu, Huang Chungang, and Zhang Zhengcan were hardened thieves who stole video recorders, karaoke players, color television sets, jewelry, and over 20,000 yuan in cash in 17 cases in Zunyi City and Nanbai Town of Zunyi County from November 1993 to January 1995. The other two criminals executed were Wang Jianguo and Wang Yongyu. (Summary) (Guiyang GUIZHOU RIBAO 2 May 96 p 1)

Kunming City Achieve Initial Results in Anticrime Drive

On 23 April, over 5,000 public security policemen in Kunming City took part in citywide anticrime operations aimed at sweeping away drugs, dealing a blow to itinerant criminals, and cracking down on theft and robbery. During the operations, the Chenggong County Public Security Bureau cracked a murder case that occurred in Luoyang Town on 20 April and arrested Shan Yun, the murderer; and a police station of the Wuhua Public Security Sub-Bureau cracked an exceptionally large case of theft in which over 180,000 yuan's worth of jewelry was stolen from the Kunming Department Store. (Summary) (Kunming YUNNAN RIBAO 3 May 96 p 1)

Guangzhou To Rectify Paging Service Further On the afternoon of 2 May, the CPC Guangzhou City Party Committee's Propaganda Department and the "Leading Group for the Work of Clearing Up and Rectifying Paging Service Stations in Guangzhou City" called a summing-up meeting, during which an announcement was made to end the two-month long work on rectifying the program content of all paging service stations. However, the meeting reiterated that the decision to ban the release of information about geomancy, sex, gambling, or "making friends with girls" would still be enforced. In addition, Guangzhou City has decided to include telephone paging services in the realm of social and cultural administration, and the "Office for the Administration of Guangzhou City Communications Business" will be set up by the Guangzhou City Telecommunications Bureau to monitor around the clock the content of information transmitted by the paging service stations throughout the city. (Summary) (Guangzhou YANGCHENG WANBAO 3 May 96 p 1)

Six Criminals Executed in Hefei City

On the morning of 26 April, the Hefei City Intermediate People's Court called a public rally to sentence six serious criminals to death and execute them. They were murderers Wang Benyou, Yang Kelin, Wang Qinglai, Wang Chaoshan; man slaughterer Zhang Yucang; and thief Dou Lilong. (Summary) (Hefei ANHUI RIBAO in Chinese 5 May 96 p 1)

Yunnan's Antidrug Operations in Full Swing

Antidrug operations, as an important part of the anticrime drive, have been intensified in Yunnan. Since April, three drug-trafficking cases, each involving over 10 kg of narcotics, have been unearthed throughout the province, in which seven drug traffickers were arrested

and 17.4 kg of heroin and 23.6 kg of opium were seized. From 16-17 April, the provincial public security department, in cooperation with its Guangdong counterpart, caught 12 people involved in the cases and seized over 3.1 million yuan and \$310,000. From 1 to 20 April, the public security organs in Chuxiong Yi Nationality Autonomous Prefecture cracked nine drug-trafficking cases, captured 19 drug traffickers, and seized 3.421 kg of heroin. From 10 to 20 April, the public security organs in Lincang Prefecture cracked 14 drug-trafficking cases, captured 19 drug traffickers, and seized 21.8 kg of heroin, 7.6 kg of opium, and a large batch of illicit money and spoils. On 7 April, the Kunming City Public Security Bureau seized 584 grams of heroin from three criminals at the Kunming Airport who tried to smuggle drugs concealed in their bodies. Since the launching of the anticrime drive, the authorities of the five prefectures and autonomous prefectures in the province — Zhaotong, Chuxiong, Dehong, Lijiang, and Baoshan — and public security departments responsible for maintaining order at railways and airports cracked a total of 183 drug-trafficking cases, in which 13.655 kg of refined drugs, including heroin, and 15.788 kg of opium were seized and 245 drug traffickers captured, including five from areas outside the Chinese territory. (Summary) (Kunming YUNNAN RIBAO in Chinese 5 May 96 p 1)

Major Criminal Cases Cracked in Guangxi

A number of major criminal cases were cracked in various parts of Guangxi. In Yulin Prefecture, public security and people's policemen arrested 18 criminals at large who had committed crimes in other parts of the country, including Huang Hongliu and Huang Xianjun, two criminals who fled to a town in Bobai County after committing a robbery and murder in Guangdong's Zhonghai in September 1995. In Laibin County, Deng Shijing, Huang Nongqi, and Tan Daojian, the three fugitives who fled after stealing over 1 million yuan's worth of property in Fujian's Shishi City, were arrested on 2 May. In Heshan City, Meng Huade and Tan Huiliang, two road bandits who had fled for two years after perpetrating over 30 cases in Guizhou and Guangxi, were arrested. In Tiandeng County, Nong Pimin, a drug trafficker who had fled for four years, was brought to justice on 26 April. (Summary) (Nanning GUANGXI RIBAO in Chinese 5 May 96 p 1)

Eight Criminals Sentenced to Death in Maoming City

Guangdong Maoming City Intermediate Court's No. 1 tried nine serious criminal cases in 10 days and sentenced a number of criminals to death, life imprisonment, or fixed terms of imprisonment according to law.

Among them, eight murderers were sentenced to death with their political rights forfeited for life, including Xiong Rujun, the principal culprit in a murder committed 13 March; Yu Yongfu, who committed murder and robbery on 1 April; Liang Jinghu; and Wei Lin, who killed public security joint-defense team member Xie Chunlei on 25 November last year. (Summary) (Guangzhou YANGCHENG WANBAO 5 May 96 p 2)

Yunnan Achieves Initial Results in Crackdown on Crime

All levels of public security organs throughout Yunnan have achieved initial results in the crackdown on crime. Statistics show that from 20 to 30 April, they cracked 1,985 criminal cases; captured 1,862 perpetrators; smashed 515 criminal gangs with 2,188 members; seized 131 firearms, 152 cartridges, 1,157 kg of explosives, 2,579 detonators, 366 banned cutting tools, 45 kg of heroin, 122 kg of opium, and 56 kg of other drugs; and confiscated 6.46 million yuan of illicit money and 2.51 million yuan's worth of spoils. During this period, a number of drug-trafficking cases were cracked. On 16 April, the Eshan Yi Nationality Autonomous Prefecture Public Security Bureau uncovered 10.25 kg of heroin from a bus and caught two drug traffickers. On 26 April, the Yongde County Public Security Bureau seized 5.33 kg of heroin from a bus and caught a drug trafficker. From 17 to 24 April, the armed police's Dehong border-defense detachment cracked eight drug-trafficking cases and seized 1.102 kg of heroin. (Summary) (Kunming YUNNAN RIBAO in Chinese 6 May 96 p 1)

Yunnan People's Congress Issues Circular on Antivice Drive

On 5 May 1996, the Yunnan Provincial People's Congress Standing Committee issued a circular to its subordinate units at the prefecture, city, and county levels, calling for immediate actions to promote and ensure the smooth progress of the provincewide antivice drive. Three types of work were highlighted: (1) fully mobilizing the masses to support the drive; (2) seriously carrying out law-enforcement inspections; and (3) attaching great importance to law-enforcement inspections, in which all the unit chiefs and those next in command must play an active part. (Summary) (Kunming YUNNAN RIBAO in Chinese 7 May 96 p 1)

Yunnan Party Secretary on Antivice Drive

On the afternoon of 6 May, Yunnan Provincial Party Secretary Gao Yan called on public security policemen in Kunming City and inspected the progress in the anti-vice drive. He gave a speech after hearing relevant reports, in which he emphasized four points: First, it is necessary to have a common understanding and be

aware of the major political significance of the drive; second, a stronger leadership is needed for ensuring the smooth progress of the drive; third, political-legal departments must make strenuous and concerted efforts to deal a telling blow to criminals according to law; and fourth, the quality of political-legal departments, leaders and rank-and-filers alike, must be upgraded to improve their overall combat strength and law-enforcement effectiveness. (Summary) (Kunming YUNNAN RIBAO in Chinese 7 May 96 p 1)

Guangdong Solves Over 8,000 Criminal Cases in Past 10 Days

During anticrime operations in the past 10 days or so, public security organs throughout Guangdong solved a total of 8,532 criminal cases, including 4,914 major ones; caught 8,750 offenders, including 52 syndicate members, 279 hooligans, and 421 criminals at large; and destroyed 1,484 criminal gangs with 4,581 members. (Summary) (Guangzhou YANGCHENG WANBAO 7 May 96 p 1)

Guangzhou City Court Sentences 19 Criminals to Death

Guangzhou City Intermediate Court sentenced 19 robbers, thieves, and murderers to death; the criminals, who mostly came from other parts of the country, were executed immediately afterwards. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1112 GMT 9 May)

Shanghai Pudong Court Passes Judgment on 15 Culprits

Shanghai Municipality Pudong New Area District Court called a public rally on the afternoon of 9 May to pass judgment on 10 criminal cases, and 15 culprits were sentenced to fixed terms of imprisonment ranging from five and a half years to 13 years for committing such crimes as robbery, theft, fraud, rape, and pandering. It is learned that since there are many new construction projects in Pudong, many crimes, particularly robbery, are committed by people from other parts of the country who stay in Shanghai. Among the cases adjudicated by the court on 9 May, 80 percent of the culprits came from other parts of the country. On the same day, Shanghai Municipality No.1 Intermediate People's Court sentenced a thief to death. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1120 GMT 9 May 96)

Large-Scale Operations Launched in Hainan To Crack Down on Crimes

A few days ago, public security departments in Hainan Province simultaneously launched operations to crack down on crime. A total of 25,000-odd public security personnel were deployed to check over 2,000 vehicles, 723 inns, 138 electronic games halls, 932 hair-dressing salons, and 2,350 rental houses, during which 3,324 criminal suspects were caught, including 147 criminals at large; 32 criminal gangs were smashed and their 112 members arrested; and 94 firearms, 18.3 grams of drugs, and illicit money and spoils worth over 8 million yuan were seized. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1801 GMT 9 May 96)

Guangxi Makes Progress in Antivice Campaign

The Guangxi Autonomous Regional Headquarters for the Crackdown on Crimes called a regional telephone conference on the evening of 3 May to report the progress made in the antivice campaign: From 20 April to 3 May, 3,675 criminal cases were cracked throughout the region; 11,999 offenders were caught; and 210 firearms, 1.14 kg of heroin, and 7.24 million yuan's worth of illicit money and spoils were seized. (Summary) (Nanning GUANGXI RIBAO in Chinese 4 May p 1)

Sixteen Criminals in Shantou City Given Death Sentence, Executed

On the morning of 13 May, a public rally was held in Shantou City to pass final judgment on 39 criminals. Sixteen criminals were sentenced to death and forfeiture of political rights for life and were executed following the rally. Among them was murderer and arsonist (Huang Yantao), who strangled his sleeping wife to death on the evening of 17 December 1995 for an alleged extramarital affair and seriously injured his two children while trying to burn his wife's body. Four criminals were sentenced to life imprisonment or death with a stay of execution. (Summary) (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 13 May 96)

Two Criminals Executed in Xiamen for Smuggling Firearms

On the morning of 13 May, the Xiamen City Intermediate People's Court acted upon the Supreme People's Court's order and sent firearms and ammunition smugglers (Wu Wenxin) and (Yan Jingqing) to the execution ground to be shot. (Wu Wenxin), a Taiwanese businessman, smuggled firearms after incurring business debts. From January to September 1989, in collaboration with others, he smuggled 1,900 firearms and

45,500 cartridges, including 1,300 pistols and 35,000 cartridges that were smuggled out of the territory. He earned \$170,000 from the illegal deals. (Yan Jingqing), a female from Shandong who was the manager of a Shenzhen company's Xiamen office, played an active part in the smuggling of 700 firearms and 21,000 cartridges, which were all smuggled out of the territory. She earned \$38,000 from the illegal deals. (Summary) (Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 13 May 96)

Zhenjiang City's Antivice Drive Intensified

On 10 May, following the initial success in the crackdown on crime, the Zhenjiang City Party Committee and the city government made further arrangements for the drive, calling on all levels of party and government chiefs to seriously organize vast numbers of cadres and workers and the broad masses to support and coordinate with the work of public security and political-legal units and to strike a blow against criminals. (Summary) (Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 13 May 96)

Jinan City Achieves Initial Results in Crackdown on Crime

Li Changshui, director of the Jinan City Office of Cracking Down on Crimes and head of the city's Public Security Bureau, briefed on this reporter on achievements in the first-stage crackdown on crimes during an interview on 9 May: As of 7 May, about 1,180 criminals had been arrested throughout the city, including over 240 perpetrators of violence and over 670 thieves; 64 criminal gangs were smashed, including 21 major ones; over 920 cases were cracked, of which 42 percent were exceptionally large ones; over 560 illegal firearms and over 960 kg of explosives were seized; and 92 stolen vehicles were retrieved. (Summary) (Beijing ZHONGGUO XINWEN SHE in Chinese 1808 GMT 9 May 96)

Tibet Regional Higher People's Court Holds News Briefing on Anticrime Drive

The Tibet Autonomous Regional Higher People's Court held a news briefing on the anticrime drive in Lhasa on 10 May. (Longma Zandu) and (Wang Zhaoping), vice presidents of the autonomous regional higher people's court, and leading comrades of the autonomous regional politics and law commission and of the autonomous regional people's procuratorate were present at the news briefing. At the meeting, (Longma Zandu) outlined the principles and goals of the work of courts at all levels throughout the region during the anti-crime drive. He called on the heads of courts at all levels to take

the initiative in organizing the judicial forces well, in speeding up trials and adjudication on cases, and in meting out severe punishments to serious criminals according to law. (Summary) (Lhasa Tibet People's Radio Network in Mandarin 1400 GMT 10 May 96)

Thirteen Criminals Executed in Hainan

On the morning of 7 May, the first public sentencing rallies since the launching of the antvice drive in Hainan were held in Haikou, Sanya, Danzhou, Wenchang, and Ledong. After that, 13 death convicts were executed. They were Zhang Shaoli, Fu Donglin, Yuan Chunyu, Song Jinyou, and Gao Tianyou, who robbed and killed a man in Haikou City on the evening of 28 December 1995; Mai Yongli and Sun Lingjin, who committed 10 cases of robbery in collaboration with six accomplices along major roads in the suburbs of Sanya City from December 1993 to March 1994, while Zhang Yuliang and Han Youguang, two of their accomplices, were sentenced to death with a stay of execution; Li Xianguang, who shot a villager in Ledong County on 28 November 1993 after being expelled from the village on the previous night; Lin Shiyue and Lin Shide, principal culprits of a six-member gang who took 84,000 yuan in three robbery cases in 1993; Han Chuanshe, who stabbed a man to death with a knife on 29 December 1994 because of personal disputes; Chen Shihang, who, in collaboration with others, injured three workers of a stoneworks in Danzhou who were sleeping in the small hours of 15 June 1993 and committed two cases of theft in March 1992 and on 20 May 1993; and Li Yanfeng, who shot a man on another fishing boat because of a dispute over fishing on 4 February 1994. (Summary) (Haikou HAINAN RIBAO in Chinese 8 May 96 pp 1, 3)

Jiangsu Reports Success in Crime Crackdown

Jiangsu has scored initial success in its provincewide crackdown on crimes, in which a number of major cases were cracked. For example, on 10 May, the public security organ in Suzhou City cracked a kidnapping case and rescued a hostage after the kidnappers had asked for 700,000 yuan of ransom; on 4 May, the public security organ in (Xishui) city smashed a six-member criminal gang that had committed 30 cases of robbery, extortion, and rape and captured all the gangsters; the Wuxi City Public Security Bureau smashed seven hooligan gangs and solved a number of cases; and the public security organ in Nanjing City successively destroyed three gangs committing drug-related crimes. Besides, according to incomplete statistics, 30 criminals at large in Nanjing, Suzhou, Xuzhou, Huaiyin, and other areas have given themselves up. (Summary) (Nanjing Jiangsu

People's Radio Network in Mandarin 2300 GMT 14 May 96)

Cross-Border Drug-Trafficking Case Cracked in Guangdong

The public security organs in Guangdong smashed, in a joint operation with their Yunnan counterparts, an exceptionally large cross-border drug-trafficking ring, in which five Chinese and foreign drug traffickers were captured in Guangzhou City and 82.8 kg of heroin and over 400,000 yuan of drug funds seized. In addition, on 28 March, Guangdong's public security organs helped the police in Yunnan crack an exceptionally large drug-trafficking case, in which three foreign drug traffickers were caught and 43.92 kg of heroin seized. (Summary) (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 14 May 96)

Sixteen Criminals Executed in Shenzhen City

On 13 May, the Shenzhen City Intermediate People's Court called a public rally to pass and execute sentences on 26 criminals involved in 12 cases; among them 16 were sentenced to death and executed afterwards and the other 10 were either sentenced to death, life imprisonment, or set terms of imprisonment. (Liu Binglong), one of those sentenced to death, killed his ex-girl friend on 12 November 1994 after learning that she had another lover in Shenzhen. (Hu Yuenwan), another convict, disgruntled over his dismissal from a factory in the district of Baoan, stabbed the man who sacked him to death with a dagger. (Summary) (Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 14 May 96)

Guangdong Military District Plays Active Role in Antvice Drive

The Guangdong Military District has scored remarkable results in actively helping local public security departments crack down on crimes. From the evening of 13 May to the small hours of 14 May, its public security bodies raided hostels and houses for rent contracted by units under the military district, during which a gang that had conducted gambling activities at a hostel in Guangzhou's Shahe District for a long time was unearthed and over 1,600 in betting money seized on the spot; and an underground fake wax statue manufacturing workshop was smashed at a house rented by a certain unit and a large number of fake products ready for sale confiscated. (Summary) (Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 14 May 96)

Zhanjiang City Court Passes Death Penalty on Seven Criminals

On 13 and 14 May, the Zhanjiang City Intermediate People's Court called public rallies to pass sentence on two arms and ammunition smugglers and 22 kidnappers and blackmailers. (Yang Yaoliu) and (Chen Zhaorong), the two arms and ammunition smugglers, and (Tang Yao) and four other kidnappers and blackmailers were sentenced to death with their political rights forfeited for life. (Summary) (Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 14 May 96)

Police Station in Shantou City Smashes Criminal Gang

A local police station in Shantou City smashed a gang engaging in such criminal activities as robbery, blackmail, drug trafficking, and firearms smuggling, during which three gangsters were arrested, and 22 firearms, a number of cutting tools, and tear-gas grenades were seized. (Summary) (Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 14 May 96)

Science & Technology

PRC: Program Made in Atomic Nucleus Research
OW2005051696 Beijing XINHUA Domestic Service
in Chinese 1156 GMT 9 May 96

[By reporter Xi Yongnian (6741 3057 1628) and correspondent Song Wenjie (1345 2429 2638)]

[FBIS Translated Text] Lanzhou, 9 May (XINHUA) — Through the study of two important nucleus ranges near atomic nucleus mass numbers 130 and 190 in recent years, Chinese scientists found the evidence showing the existence of xenon-117 nucleus "octopole relation" and a group of level structure with the characteristics of single particle movement, thereby establishing a mesh graphic expression of bismuth-198 high spin energy level for the first time in the world and carrying out major renovation and expansion of the mesh graphic expression of the bismuth-197 and lead-198 energy level.

Revealing the inner structure of atomic nucleus and the pattern of nucleus movement has very important significance for our understanding of the microcosm. Research in the high spin nucleus structure in the two ranges of atomic nucleus mass numbers 130 and 190 is the leading edge sphere that attracts the most limelight. A research team led by Sun Xiangfu, researcher of the Chinese Academy of Sciences [Lanzhou] Institute of Modern Physics, built a complete set of equipment, developed unique experimental technologies, and explored nine atomic nucleuses in the above-mentioned two nu-

cleus ranges in a 13-megavolt cascade accelerator at the Research Institute of Atomic Energy Sciences.

Atomic nucleuses have various shapes. In addition to ball-shape nucleuses, there are "transformed nucleuses" of oblate elliptic shape and oblong elliptic shape. Nucleus range at the mass number of 130 or so is a transition range in which the transformation of ball-shape nucleuses takes place and in which various nucleus phenomena are frequently seen and concentrate. Researchers studied xenon-117; cesium-117, 121, 124, and 125; and barium-125 atomic nucleuses in this range. It is difficult to use existing theories to explain the evidence showing the existence of "octopole relation" and a group of level structure with the characteristics of single particle movement observed among the xenon-117 nucleuses.

At present, research in the nucleus range at the atomic nucleus mass number 190 or so are inadequate. Research in the nucleus structure in this range has important significance in terms of theory. A phenomenon of high spin and super transformation existing in this range attracts people's attention and has been frequently studied by famous international labs. Chinese scientists established a mesh graphic expression of bismuth-198 energy level for the first time in the world, and carried out major renovation and expansion of mesh graphic expression of bismuth-197 and lead-198 energy level. They have become a basis for research in the structure of these nucleuses undergoing super transformation.

PRC: Beijing Completes Tunnel for Nuclear Test
OW1805005996 Tokyo KYODO in English
0026 GMT 18 May 96

[FBIS Transcribed Text] Tokyo, May 18 KYODO — China has completed a tunnel to conduct another nuclear arms test and is building a second one, making it almost certain the country will stage at least two more nuclear tests, a Japanese daily reported Saturday [17 May].

The move, confirmed by Japanese Government sources, comes in connection with the ongoing international disarmament conference in Geneva negotiating a treaty banning all nuclear tests, the Tokyo SHIMBUN said.

A Chinese delegate to the conference told reporters earlier this week that China agrees to the target date of June 30 for concluding the proposed Comprehensive Test Ban Treaty (CTBT) as demanded by the United States and European countries.

China has apparently concluded that it needs to quicken the pace of its nuclear testing in order to comply with the CTBT timetable, the daily said.

China conducted nuclear tests twice last year, in May and August.

PRC: IBM, Technology Firm Sign Chinese Proof-Reading Contract

OW2005081996 Beijing ZHONGGUO XINWEN SHE in English 0115 GMT 20 May 96

[FBIS Transcribed Text] May 18 (CNS) — Heima New Electronic Technology Company in the Beijing New Technology Industry Development Region, held a press conference to commemorate signing of a contract with IBM for Chinese information technology cooperation in Beijing today.

The head of Heima said that the IBM Chinese Information Research Centre had signed a contract for Chinese proof-reading technology cooperation. Both parties would develop Chinese information technology together on the basis of mutual benefits.

Heima, set up in 1993, is engaged in the development of Chinese information technology. In May, 1994, it promoted "Heima Proof-Reading" and has gained large support from users.

At the press conference, Heima promoted its latest "Heima Intelligent Input" (HM V1.0 version) software.

Military & Public Security

PRC: Nanjing Military Region Compensates Exercise Area

OW2005000196 Beijing XINHUA Domestic Service in Chinese 2058 GMT 18 May 96

[By reporters Wang Haimiao (3769 3189 3267) and Huang Qiusheng (7806 4428 3932)]

[FBIS Translated Text] Fuzhou, 19 May (XINHUA) — The People's Liberation Army held a joint military exercise of the three services on Pingtan Island more than a month ago. Recently, an upsurge of activities to support the government and cherish the people has happened there. Not long ago, the Nanjing Military Region held a grand meeting in Pingtan County, Fujian, on supporting the local people to develop production. The military region donated 18 million yuan as special funds to the people in the exercise area of the county for developing local production.

Pingtan Island is located in Fujian's southeast coastal area and is a major county of the province for breeding aquatic products. During the military exercise, the local party committee, government, and people carried forward the honorable tradition of the war years and supported the military. They took the overall national interests into consideration and went all out to give direct support to the three services. When the masses learned that it was necessary to remove obstacles in the sea for the military exercise, they promptly removed nets and wooden cages for breeding aquatic

products from nearly 1,000 mu, thus ensuring the exercise's smooth operation. After the exercise, the Nanjing Military Region party committee and leaders paid good attention to the local people's economic losses and decided to appropriate a large amount of money from their limited military budget to help the people restore production. The military region entrusted leading members of a group army to distribute money to the people house by house.

It was learned that, before departing for their original camps, units that took part in the military exercise helped the local people repair a road surrounding the town and six country trails, leveled 3,000 square meters for a playground for Pingtan No. 3 Middle School, voluntarily planted trees on 420 mu of land, planted more than 6,000 saplings along a highway, donated 200,000 yuan and 300 sets of desks and chairs to the local people, and built an "army-people hope school" for Aodong Township.

PRC: Armed Police Meeting Discusses Garrison Work in Cities

OW2005014796 Beijing XINHUA Domestic Service in Chinese 1044 GMT 9 May 96

[By RENMIN RIBAO reporter Wu Hengquan (0702 1854 2938) and XINHUA reporter Li Xunzhou (2621 6064 5297)]

[FBIS Translated Text] Xiamen, 9 May (XINHUA) — The first Armed Police Force meeting on garrison work in cities was held in Xiamen [date not given]. The meeting called for effectively doing a good job in providing garrison work in cities under the new situation with a high political consciousness, protect the good image of armed police, and safeguard state honor and social stability.

The meeting called for perfecting organizational work and systems providing garrison work in cities, improving [li shun 3810 7311] relations with other units, raising quality, and strengthening efforts in garrison work. During the meeting, the Xiamen City Armed Police Detachment and five other units introduced their experiences in providing garrison service in cities. The meeting studied and revised the "Rules for the Implementation of City Garrison Work by the Chinese People's Armed Police Force" and formulated measures for further improving garrison work in cities.

The meeting noted that doing a good job in garrison work in cities is to meet the need of maintaining stability of armed police units [wei hu bu dui wen ding 4850 6233 6752 7130 4489 1353] and society, to meet the need of strictly administering police work, and to meet

the need of safeguarding state honor and the reputation of the armed police. It is an important political task. Under the new situation of reform, opening up, and developing a socialist market economy, doing a good job in city garrison work and further strengthening city garrison work will be conducive to showing that the armed police is a mighty and civilized force. It will

be conducive to promoting the regularization of armed police units, raising the fighting capability of armed police units, completing the implementation of various tasks with the handling of sudden incidents as the central task, and making new contributions to safeguarding state security and social stability.

General**PRC: Chen Junsheng Stresses Cooperative Economics Theory***OW1905110196 Beijing XINHUA Domestic Service in Chinese 0856 GMT 6 May 96**[By reporter He Jingsong (6320 0513 2646)]*

[FBIS Translated Text] Beijing, 6 May (XINHUA) — Chen Junsheng, state councillor and chairman of the All-China Federation of Supply and Marketing Cooperatives, pointed out on 4 May: Leading cadres from supply and marketing cooperatives at all levels should thoroughly study the guidelines of directives issued by the party Central Committee and the State Council regarding the reform of supply and marketing cooperatives; explore and study cooperative economics theory with Chinese characteristics; and solve various problems that arise during the course of practice.

Chen Junsheng made these remarks during an informal discussion at the Central Party School with personnel attending the study class for the chairmen of provincial supply and marketing cooperatives across the country. He said: The current external environment for supply and marketing cooperatives is conducive to their gradual improvement and optimization. Many theoretical issues need to be studied and explored in earnest, if this favorable external environment is to produce tangible results in developing supply and marketing cooperatives. At present, we need to pay due attention to studying and applying cooperative economics theory. Apart from doing their jobs well, cadres from supply and marketing cooperatives at all levels, especially leading cadres, should pay close attention to theoretical studies and research.

Chen Junsheng pointed out: First, we should fully understand the social and economic values regarding the existence of supply and marketing cooperatives and other forms of cooperatives under socialist market economic conditions. We should clearly state in theoretical terms that the modern enterprise system should be applied effectively during the course of developing the cooperative system. Second, we should decide what experiences of foreign cooperatives we should learn from and draw upon in reforming supply and marketing cooperatives, and how we should combine these experiences with China's conditions so as to develop a model of cooperative economics with Chinese characteristics. Third, we should sum up historical experience in the new situation; heighten our historical sense of responsibility and contemporary sense of urgency; truly convert supply and marketing cooperatives into peasants' cooperative economic organizations and the backbone of the rural socialized service system; and thoroughly fulfill the re-

quirements of the party Central Committee and the State Council regarding the reform and development of supply and marketing cooperatives so as to serve the needs of agriculture, rural areas, and peasants.

PRC: State Council Calls For Tighter Price Controls*OW1705161296 Beijing XINHUA in English 1603 GMT 17 May 96*

[FBIS Transcribed Text] Beijing, May 17 (XINHUA) — Vice-premier Li Lanqing today called for tighter controls on the price of goods across China to reach this year's goal on price controls.

The call for controls came in a State Council telephone and television meeting here today.

Speaking on behalf of the State Council, Li said that in the first four months of this year, commodity retail prices rose by 7.6 percent over the same period of 1995.

"Thanks to government efforts to fight inflation, the rate of increase fell 11.8 percentage points compared with the first four months of 1995," he pointed out, adding that the retail price index has been held to below 10 percent for six consecutive months, and markets across the country are relatively stable.

However, he pointed out, the price control task remains quite hard, and governments at all levels must never relax price control efforts.

Li listed six requirements in the price control work:

- to regard the fight against inflation and control of prices as the primary task of this year's macro-economic controls;

- to set local price control targets in accordance with the State Council's demands;

- to improve agricultural production and ensure food and vegetable supply;

- to strictly control items of price rise and keep markets stable;

- to strengthen commodity price management and stop any illegal fee collection;

- and to improve leadership in price control work.

Vice-premier Zou Jiahua also attended today's conference, which was presided over by Luo Gan, State Councillor and secretary-general of the State Council.

PRC: State Council Launches 'Ambitious' Methane Project

OW1705144096 Beijing XINHUA in English
1153 GMT 17 May 96

[FBIS Transcribed Text] Beijing, May 17 (XINHUA) — China's highest governing body, the State Council, today launched the China United Coal-bed Methane Company (UCMC) in an ambitious effort to exploit its abundant coal-bed methane resources.

The formation of the new company will also solve the country's energy environmental problems.

UCMC has been designated by the State Council to commercialize prospecting, development, transport, marketing and utilization of coal pit gas, while acting as the Government watchdog.

The State Council has granted UCMC, which is jointly owned by the Ministry of Coal Industry (MCI), the Ministry of Geology and China Petroleum and Natural Gas Corporation, the exclusive rights to undertake the exploration, development and production of coal-bed methane, or "coal pit gas" in cooperation with foreign partners.

The company will jointly map out target areas for international cooperation and will conduct invitations for overseas bidding, negotiation, and signing and execution of contracts for the proposed projects upon the approval by the State Planning Commission, according to the State Council.

Notorious as the cause of coal pit explosions, coal-bed methane can be used as a clean fuel, as good as natural gas which is also basically methane. Scientists say that every 1,000 cubic meters of methane generates as much heat as one ton of oil.

"China is expected to invest one to 1.5 billion yuan in recovery and utilization of coal-bed methane over the next five to ten years, in hope that a new energy sector will be built for the 21st century," said Chen Minghe, chairman of UCMC.

Development of the country's coal-bed methane resources is listed as a "task of key importance" in the country's 9th Five-Year Plan (1996-2000).

Accordingly work is in full swing to develop complete sets of technology and equipment for the nationwide coal-bed methane endeavor.

The immediate target is an annual output of one billion cubic meters of coal-bed methane by 2000. The national output should reach 10 billion cubic meters by 2010, says UCMC Board Chairman Chen Minghe.

China, the world's largest coal producer, feels more pressed than any other country to harness coal gas.

"China has the largest coal reserves in the world, there are over 1,000 billion tons of available coal reserves," said Wang Senhao, minister of Coal Industry, "But China's energy resources per capita is only 40 percent of world's average."

"But China's coal-bed methane reserves are three times that of the United States and are estimated at about 30,000 to 35,000 billion cubic meters," he noted.

"A systematic way of exploiting coal-bed methane will also greatly reduce gas explosions and loss of human lives in coal mines," he said.

Gas and coal dust explosions are responsible for up to 40 percent of deaths caused by all coal mine accidents.

Production mines in China emit more than one billion cubic meters of methane gas a year, Wang said.

While important to mine safety, Chen says, this is a waste of energy which China can no longer bear, he noted.

Moreover, methane is a chief culprit of the "green house effect" — a process of global warming since the Industrial Revolution.

Known deposits of coal throughout China contain an estimated 30- 35 trillion cubic meters of methane, accounting for one third of the world's total.

"For the good of China and the human race, UCMC will do its best," Chen said.

In China, only 400 million cubic meters of coal pit gas is actually used every year — mostly for cooking in families in and around coal fields. Gas is pumped out simply as a mine safety measure.

As a start UCMC will, in five years, develop two or three coal- gas fields with an annual output of one billion cubic meters for marketing. This calls for digging up to 600 gas pits.

China has basically completed a nation-wide coal geology survey, which involves coal-bed methane.

Six coal fields have been verified to have gas reserves of commercial value amounting to each having at least 100 billion cubic meters. These are mostly in northern and eastern China, such as Yangquan in Shanxi and Huaibei in Anhui Province.

Across the length and breadth of China, there are 19 coal fields with gas reserves verified at 10 billion cubic meters or more — ranging from Hegang in China's far northeast to Songzao in Sichuan of the southwest.

China's coal pit gas has attracted worldwide attention. Under an agreement signed in 1992, the United Nations Development Program allocated 10 million US dollars to help China develop its coal-bed methane.

All the four projects under the agreement will be completed this year: appraisal of China's coal-bed methane resources as one, and three projects separately in Kailuan, Hebei Province, north China; Tiefa in Liaoning Province, northeast China, and Songzao in Sichuan Province, southwest China.

The results are "very encouraging," Chen said, adding that some gas pits "are producing 6,000 - 7,000 cubic meters a day."

Last year, the U.S. Environmental Protection Agency agreed to cooperate with the Chinese Ministry of Coal Industry (MCI) in the recovery and utilization of China's coal-bed methane resources.

Meanwhile MCI is cooperating with many foreign companies in coal-bed methane development, including Amoco and Texaco.

PRC: Garment Industry Standards Committee Established

*OW1805135996 Beijing XINHUA in English
1321 GMT 18 May 96*

[FBIS Transcribed Text] Nanhai, Guangdong, May 18 (XINHUA) — China set up a national committee to promote standards of quality in garment industry, today in Nanhai, Guangdong Province.

It will introduce "a complete set of industrial standards," for quality, licensing, and management by the end of the century, said Dong Binggen, chairman of the board of the China Garment Association, at the inaugural ceremony of the National Committee for Garment Standard Technology (NCGST).

He said that the national committee for garment standards will serve as a supervisor of standards in enterprises.

China's clothing business is now competing with foreign brands on the domestic market and a decline in exports.

Lian Leying, chairwoman of NCGST, said that the committee will help domestic producers of name-brand garments to improve quality standards to sharpen their competitive edge on international markets.

Composed of the elite of the local clothing businesses, the committee will issue and revise industrial standards for different garment sectors, and launch information service on the ISO (International Standard Organization) quality certification.

PRC: Computer Sector Expects Quick Growth

*OW2005050596 Beijing ZHONGGUO XINWEN SHE
in English 0115 GMT 20 May 96*

[FBIS Transcribed Text] 18 May (CNS) —Computer sales worth RMB 200 billion are predicted for China by the year 2000 with 60 billion units being sold.

Ownership will leap from 25 to 100 units per 10,000 persons.

Sales in 1995 were 11 times more than 1990. Export grew by 120 per cent. World-wide demand for the "Information Highway" and the increasing need for business software applications at home is expected to maintain the same rapid pace of growth as it did five years ago.

In the next five years, micro computers will remain the core of the home market. New products will emerge.

Competition between products, software manufacturers and information service providers will become fierce. Computer professionals will be in great demand.

PRC: Survey Shows 1st Quarter Balanced Supply, Demand

*OW2005010596 Beijing XINHUA in English
0038 GMT 20 May 96*

[FBIS Transcribed Text] Beijing, May 20 (XINHUA) — A survey conducted by the State Statistics Bureau shows that in the first quarter of this year, there was a balance in the supply of and demand for means of production.

The survey on nearly 10,000 industrial enterprises of various economic sectors indicates that during the first three months the producer prices of means of production rose 7.3 percent over the same period of last year.

The increase rates of producer prices of products in the extraction and raw materials industries plummeted 27.8 percent and 10.2 percent, respectively.

The producer prices of products in the processing industry rose by 12 percent, about the same as the increase rate last year.

The prices of building materials, including steel, changed a little. The prices of non-ferrous metals rose 3.3 percent.

However, fuel materials saw considerable price rises. The price of coal was up 13.5 percent and the price of electricity rose by 10.5 percent.

It is estimated that the supply and demand for means of production will remain balanced in the first half of the

year, but price rises of intermediate materials may push the prices of means of production higher.

Finance & Banking

PRC: State To Ease Credit for State Firms, Key Projects

HK2005011896 Hong Kong SING TAO JIH PAO
in Chinese 8 May 96 p a2

[Report by reporter Wang Li (3076 4539): "China Plans To Relax Bank Credits and Interbank Loans To Ensure Sufficient Money Supply for State-Owned Enterprises and Key Construction Projects"]

[PTS Translated Text for FBIS] The highest leadership level in China is considering broadening the scope of credit during the second half of this year in terms of credit structure, to increase commercial interbank loans, and to properly relax macroscopic regulation and control so as to solve the nationwide issue of fund shortages for enterprises and state key construction projects involving communications and energy.

According to well-informed sources in Beijing, China's money supply in recent years still has been abundant. Last year's M2 (broad money) was still as high as 610 billion Renminbi yuan, which was equal to 101 percent of the GDP. The figure was much higher than other developing countries. Therefore, throughout the year, an appropriately tight financial policy of macroscopic regulation and control will not be fundamentally changed so as to ensure that the inflation rate will be controlled within 10 percent.

On the other hand, however, owing to an insufficient money supply, there have been severe fund shortages for agricultural development and for many infrastructure projects, such as water supply, electricity, and communications. Many projects have been suspended or held up. The deadlines for some projects have been affected and their economic efficiency impaired.

For this reason, the highest leadership level in China cannot but consider broadening the scope of credit in terms of loan structure in the second half of this year in order to ensure money supply for agriculture and for infrastructure projects involving water supply, electricity, communications, and so on.

Well-informed sources stated that the emphasis of macroscopic regulation and control this year will be placed on optimizing production and investment structure, and on increasing investment efficiency. Total investments in fiscal year 1996 are expected to reach 270 billion yuan, and the investment rate will be controlled within 32 percent. In other words, investment amounts are not definitely cut down; instead, relevant structural

readjustment will be made. During the second half of this year, the scope of credit will be properly broadened in terms of loan structure and in light of the price increase situation. However, support in terms of funds for real estate projects of all kinds — and for luxury residences, offices, and shopping arcades in particular — will not be considered.

Well-informed sources emphasized that another serious problem facing China's economy is that the number of state-owned enterprises suffering losses last year rose to more than 40 percent. The problems of workers' unemployment and concealed unemployment [yin xing shi ye 7148 1840 1136 2814] have been deteriorating seriously. In particular, although some enterprises manufacture marketable products, they face difficulties in production and operation because of debt chains, restriction on the scope of credit, and insufficient operating funds. For this reason, the government is considering allowing the increase of interbank loans based on floating interest rates. With regard to some enterprises that have scored better results in management or that have potential for development, credits for them will be properly increased on the basis of management structure of living pledge [zi chan di ya] and asset liability ratio [zi chan fu zai bi lu 6327 3934 6298 0280 3024 3764]. Efforts will be made to take this opportunity to gradually push commercial banks to market demand.

In addition, commodity retail prices throughout the country during the first quarter were 7.7 percent higher than in the same period last year. This was grounds for reducing interest rates.

PRC: New Rules To Ease Foreign Cash Buying Limits

HK2005063796 Beijing CHINA DAILY in English
18 May 96 p d3

[By Ren Kan: "Foreign Cash Buying Limits Eased"]

[PTS Transcribed Text for FBIS] The State Administration of Exchange Control (SAEC) has issued new rules to relax limits on convertibility of hard currency for private use.

The rules, effective from July 1, allow residents in China to buy more foreign currency before travelling abroad on private trips.

They will be allowed to buy up to \$500 for a trip to Hong Kong or Macao to see relatives, compared with the present \$20 for a trip to Macao and \$60 to Hong Kong.

Resident visiting relatives in other places will be allowed to buy up to \$1,000, compared with \$60 at present.

The ceiling amounts for those planning to settle down outside China, study or go on pilgrimages overseas, or to buy mail order medicines from other countries have also been raised by the new rules.

"Residents in China" refers to Chinese citizens and foreigners residing within the boundaries of the People's Republic of China, according to the rules.

The rules exclude people from foreign countries and the Hong Kong, Macao and Taiwan regions, who are studying or receiving medical treatment in China.

They also exclude foreigners working in embassies, the Chinese offices of international organizations, foreign companies and non-government organizations, overseas-funded ventures and domestic institutions and their family members.

A SAEC spokesman said that the move is aimed at speeding up the renminbi's transition to free convertibility.

China has promised to make its currency freely convertible under current accounts including trade, tourism and labour by the year 2000.

He said there are three stages to go through to meet the target: conditionally convertible under current accounts first, fully convertible under current accounts second and finally the gradual removal of controls on capital accounts.

China has successfully finished the first stage but still has some way to go to fulfill the second stage, including the excessively low ceiling on the amount of foreign exchange allowed for private use.

"So increasing the ceiling on the amount of foreign exchange allowed for private use is an important measure to make renminbi fully convertible under current accounts," he said.

He said the move will also help cut down the foreign exchange black market.

The existence of the black market is the result of two factors: one is that speculators can gain high profits through illegal trading; and the other is that people cannot get enough foreign exchange through legal means so they have to turn to the black market.

The increase in the ceiling amount can basically meet the individual demand for foreign exchange for private use, which will greatly cut back the demand for a black market, thus throttling black market activity, the official said.

According to the new rules, people can directly buy foreign exchange within the prescribed limits in an authorized bank by presenting necessary documents.

Foreign Trade & Investment

PRC: Officials Interviewed on U.S. Sanctions

OW1805132996 Beijing Central Television Program
One Network in Mandarin 1140 GMT 16 May 96

[From "Focused Interview" program hosted by Shui Junyi (3055 0689 4135): "Sanctions Imposed in the Manner of Power Politics"]

[FBIS Translated Text] [Shui] Hello, my viewing friends. Welcome to this program, Focus Interview.

All of us may be deeply impressed by a number of recent events between China and the United States. One was the dispatching of two aircraft carriers by the United States to the Strait Taiwan when the situation there was tense not long ago, and the adoption of a resolution on so-called defending Taiwan by the U.S. House of Representatives; another was that the United States and other Western countries dished out an anti-China bill for the sixth time at a recent meeting of the UN Human Rights Committee; then, yesterday, that is, on 15 May, the United States once again created new trouble [you yi ci xian qi feag bo 0642 0001 2945 2216 63867364 3134] in its relations with China on the issue of intellectual property rights [IPR], by unilaterally announcing some trade retaliation measures against certain products exported by China. After the latest round of informal IPR talks between China and the United States failed to make progress, the United States announced an initial hit list which involved products with a total worth of \$3 billion for carrying out trade retaliation against China on the grounds that China failed to satisfactorily implement the 1995 agreement on IPR protection. The hit list includes about \$2 billion worth of textiles, \$500 million worth of electronic products, and \$500 million worth of other goods. The U.S. side said that if China still failed to take measures, the United States would begin to impose 100-percent punitive tariffs upon \$2 billion worth of Chinese products exported to the United States on 17 June. In response to the U.S. trade retaliation measures, the Chinese Ministry of Foreign Trade and Economic Cooperation [MOFTEC] announced that China would take corresponding counter-retaliatory measures, which would be enforced as soon as the U.S. trade retaliation measures against China's exported goods came into force. My viewing friends, one year ago, through painstaking consultations and negotiations, China and the United States eventually reached an agreement on IPR protection. At that time, people were glad to see that China and the United States successfully prevented a dispute on this issue and prevented the breakout of a trade war which had been predicted by some people. However, people did not expect that after one year

passed, the two countries once again would be on the verge of a dispute or a trade war. In today's program, we invite two Chinese representatives engaged in the talks with the U.S. side. [speaking to the interviewees] Let me ask you a question. Why was no successful result achieved in the latest round of informal talks between us and the U.S. side?

[Zhang Yuejiao, director of the MOFTEC Treaty and Law Department] I think this shows that the U.S. has no sincerity because of its established policy. The Chinese side approaches this issue with its greatest sincerity. We gave a comprehensive briefing on what we had done for IPR protection and a series of major measures we were carrying out and would put into practice, but it was very regrettable that the U.S. side just turned a blind eye and a deaf ear to all this, because the hit list of trade retaliation announced on 15 May had been adopted by them as a top-level political decision. However, we were still willing to make a last-minute effort to prevent the occurrence of trade retaliation and counter-retaliation. It was regrettable that the U.S. side still clung obstinately to its course. In such circumstances, we had no other choice but issued the MOFTEC's stern statement and the anti-hit list.

[Shui] Can you reveal some of the U.S. demands on us in the informal talks?

[Duan Ruichun, director of the State Council's Office for IPR Work Meetings] In the talks between 7 and 9 April, the U.S. side came up with a so-called urgent action plan, which stipulated what China had to do and what targets China had to achieve within 30, 60, and 90 days. Some of the demands were extremely unreasonable. For example, they demanded that China close 13 CD production lines they listed within 30 days and that the Chinese Government intensify the inspection of large batches of exported goods within 30 days. They said that such inspection would find out at least 200 [words indistinct]. In addition, they also demanded that China revise some laws and regulations.

[Shui] The U.S. side alleged that we failed to implement the IPR protection agreement the two sides reached in 1995, but what were the facts?

[Zhang] The allegation was not in keeping with the facts. As the whole world can see, the Chinese Government has attached great importance to IPR protection, because this is a need in China's economic reform and opening-up to the outside world, and China itself needs IPR protection. Even peasants know that if one wants to get rich, one must rely on technology, and that science and technology are the primary factors of productivity. If we want to promote inventions and creations, we must protect intellectual property rights. IPR protection

is also demanded by many scientists and technologists in China. Therefore, China has adopted a series of IPR protection measures. Indeed, China completed the procedures for IPR-related legislation in a short period of 10 years, while it took decades or even over a century to complete the same process in the developed countries. We promulgated a series of regulations on protecting the copyright of audio-video products, including the customs IPR protection regulations. The U.S. side also admitted that China had reached the international level in IPR legislation. We have also made our greatest efforts in the aspect of law enforcement. Our courts in all areas have set up their special tribunals for handling IPR cases. This is rarely seen in the world. So far, the courts have handled more than 18,000 IPR violation cases, and over 90 percent of the cases have been wound up. In addition, we have also taken administrative means for IPR protection, and this is also a fact known to the whole world. In our country, there are 600,000 industrial and commercial administrative personnel and 120,000 cultural product inspectors, and their day-to-day duty is to inspect the market and investigate IPR violation cases. They have already taken more than 4,500 actions to crack down on IPR violating activities. We have confiscated millions of pirated CD's.

[Duan] By examining each item of the action plan and the implementation of all provisions of the bilateral agreement, one may find that the U.S. side now still fails to honor two of its promises, that is, to provide assistance for China's law enforcement, and to provide China with information about the U.S. side's domestic law enforcement in the bilateral consultations. In this sense, we have reason to doubt whether the U.S. side really has the political intention and political motivation to carry out the bilateral agreement.

[Zhang] After returning from a visit to Guangdong and Shanghai, they told us face to face that they found marked progress had been made by China in IPR protection, and the situation this year was indeed completely different from last year, as a great step forward was taken. However, due to the political reasons and other motives, they still toughly imposed their own logic, criteria, and thinking on China. Take market access as an example. Our market is open. We welcome all good works in the world and all works that come into line with China's cultural tradition. However, the United States demanded that so-called audio-video production joint ventures related to ideology be set up to engage in creation and production. This went out of our agreement scope. Therefore, we resolutely turned down the unreasonable demands of the U.S. side. It is unrealistic to eliminate all copyright violation overnight. Copyright violation not only exists in China, but also

exists in the United States to a serious degree. According to American reports, the violation of computer software copyright reached an amount of several billion dollars a year.

[Shui] As both of you have just mentioned, our country did a great deal of work for IPR protection. In the past two days, our reporters also visited some functional departments of our country directly responsible for IPR protection, such as the Customs and the Copyright Administration, and got some information there. Now, let us watch those interviews.

[Reporter Sun Baoyin] In the past year, what concrete measures did the Press and Publications Administration take for compact disc management?

[Ren Yuzhan, deputy director of the Audio-Video Management Department of the Press and Publications Administration] We screened and reorganized factories engaged in producing compact discs, and they were all re-registered. For those that did not meet the requirements, their previous registration was nullified. The registration of six out of the 31 registered CD manufacturers was nullified. We also formulated a series of management measures, including the regulations on duplicating audio-video products, the regulations on the transfer of master discs for CD production, and the measures for identifying the source codes of the compact discs. In all CD plants, SAD [expansion unknown] codes were adopted. Through these codes, the producer of a disc can be identified. This is an effective means of prohibiting piracy.

[Xu Chao, director of the Law Section of the State Copyright Administration] The State Copyright Administration issued a document, demanding that all audio-video products pass the procedures of copyright inspection before being sold in the market, and those failing to show legal copyright should be handled as pirated goods. Since the adopting of this measure, we have verified many audio-video products with copyright, including more than 300 American movies. Their copyright was verified through the American Movie Association.

[Wu Liping of the IPR Protection Section of the Supervision and Control Department of the General Administration of Customs] According to incomplete statistics, between the signing of the Sino- U.S. IPR agreement on 26 February 1995 and May 1996, the customs in all parts of our country totally exposed 1,210 IPR violation cases, involving goods worth over 12 million yuan, or more than \$1.5 million. The customs took the initiative in exposing 98 percent of these cases in performing their functions.

[Reporter Dong Qian] When Sino-U.S. relations exist in a very delicate condition, the U.S. Government this time took a trade retaliatory action on a very large scale. What is the Chinese Government's attitude toward this?

[Long Yongtu, assistant minister of foreign trade and economic cooperation] For our part, our constant approach to all unreasonable and overbearing behavior in the world can be summed up in two points. First, we oppose it. Second, we do not fear it. According to people's feelings and also in terms of international law and international trade practice, the U.S. action of unilateral trade retaliation and sanctions against China is unpopular. China is such a large country where the economy has developed to a certain level. If the United States just goes ahead stubbornly by taking such action, we have no other choice but to carry out counter-retaliation. The United States should be aware that in the terminology of international trade, there are such terms as retaliation and sanctions, and there are also such terms as counter-retaliation and counter-sanctions.

[Shui] As a matter of fact, over a very long period of time, the United States was the largest IPR violator in the world. It was not until the later part of this century that the United States began to gradually overcome this charge. We should notice that in the contemporary world, no country can perfectly protect IPR. It should be said that the differences between China and the United States on IPR protection are not principled ones, but the problem is that the United States just keeps an attitude of disregarding China's great efforts and achievements in the field of IPR protection, continues to distrust China, and refuses to cooperate with China, and even exerts pressure and carries out retaliation. This just presents a bad image of the United States in the international community, that is, its hegemonic behavior. In contemporary international relations history, when there are trade frictions or political or military conflicts and disputes, if a country just exerted pressure, carried out retaliations, or even imposed sanctions against another country with national sovereignty, then the actions are not only unfavorable to the settlement of the issues but will also harm itself.

That is all, viewing friends. Thank you for watching today's Focused Interview.

PRC: Negotiator, Copyright Official React to U.S. Sanctions

OW1705145596 Beijing China Radio International in English to Western North America 0400 GMT 17 May 96

[From the "Current Affairs" program]

[FBIS Transcribed Excerpts] China has reacted strongly to the U.S. decision to impose trade sanctions against China for alleged intellectual property rights (IPR) violations. Xiao Yi reports although China is hoping to solve problems through dialogue, it is preparing for a trade war with a series of countermeasures.

[Begin Xiao Yi recording] The U.S. list of trade sanctions involves \$3 billion in Chinese products that will be subject to 100 percent import tariffs. The sanctions are expected to come into effect 30 days from now if no agreements are reached between the governments during that time.

Expressing strong indignation and utmost dissatisfaction over the U.S. announcement, and calling it seriously damaging to bilateral relations, China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC) immediately released a tit-for-tat package on Wednesday (15 May). Zhang Yuejiao, the chief negotiator in the final U.S. trade negotiation, said trade sanctions will solve no problems and confrontation will only harm Sino-U.S. economic relations. [Zhang in Mandarin, fading into English translation] Adoption of trade retaliation will go nowhere and confrontation will only harm Sino-U.S. economic relations. [end Zhang]

China's countermeasures are taken based on the country's foreign trade law. The counter-retaliation package demands an extra 100 percent special tariffs be levied against a number of products imported from the United States. These include farm products, edible oil, vehicles, telecommunication equipment, cigarettes and drinks, as well as cameras and films. In addition, China will carry out a number of restricted measures against the U.S. business interests. These include suspending the importation of the U.S. audio-visual products, the suspension of applications by U.S. funded companies desiring to open new enterprises in a certain area of China. The list will go into effect on the same day the U.S. sanctions against China become effective.

According to Zhang Yuejiao, since China and the U.S. agreed on IPR protection in February of last year, countless efforts have been made by the Chinese side, including adoption of relevant rules and regulations and crackdown on copyright infringements. She said state authorities have conducted general check in audio and video shops, and all computer markets. A number of

factories producing pirated CD's have been shut down. All these efforts fully demonstrate the Chinese Government's sincerity in honoring its obligations under the Sino-U.S. IPR protection agreement, however, Zhang Yuejiao said the U.S. Government has failed to show sincerity in implementing the agreement by not honoring its commitment. While turning a blind eye to China's active efforts to comply with the agreement, the U.S. Government has irresponsibly criticized China regarding IPR protection.

Shen Rengan is deputy director of the State Copyright Administration. He said the U.S. move is totally indiscreet and unreasonable. [Shen in Mandarin, fading into English translation] The U.S. Government even demanded that China shut down a number of CD factories according to a U.S. timetable and set up Sino-U.S. CD joint ventures. [end Shen]

Shen Rengan said the aim is obviously to force open China's market and ultimately exercise ideological infiltration into Chinese culture. By making these bold attempts, said Shen Rengan, the U.S. has gone too far. [Shen in Mandarin, fading into English translation] We completely endorse the attitude expressed by the MOFTEC. Protecting copyrights is our set state policy. [end Shen]

Shen Rengan said the decision to retaliate against the U.S. sanctions are warranted and necessary. He said protection of intellectual property rights is one of China's state policies, and U.S. sanctions will exert no influence on China's enforcement of it. China will continue to carry out IPR protection measures in its own way. For CRI, I am Xiao Yi. [end recording]

PRC: Zhu Rongji: U.S. Sanctions Against China 'Will Not Work'

OW1805115496 Beijing XINHUA in English 1120 GMT 18 May 96

[FBIS Transcribed Text] Bangkok, May 18 (XINHUA) — Visiting Chinese Vice Premier Zhu Rongji said here today that U.S. sanctions against China will not work and that the only solution to the intellectual property rights issues (IPR) is through consultations between the two sides.

In his reply to a question raised by a Thai reporter, Zhu said the Chinese government has made a lot of efforts to protect intellectual property rights.

He said China's legislature on intellectual property rights (IPR) has reached world standard and the Chinese government is determined in crackdown on IPR infringements.

On this issue, the U.S. side is ill-advised to have resorted to sanctions against China, he noted.

Zhu said economic sanction has been an out-of-date way of approaching problems.

Zhu said that since the U.S. announced its sanction decisions against China, much of the world opinion has not favored the U.S. decision.

The majority of the American people, including middle-income Americans and retailers, will be hurt by the decision, he said.

He said trade sanction is a double-edged sword, which can hurt both sides.

Zhu said that he was not implying that IPR infringements do not exist in China. He said this problem occurs in many countries in the world, including the U.S. What is important is the attitude of the government.

He reaffirmed that the Chinese government is resolute in its protection of IPR and in the enforcement of related laws.

He expressed the hope that the issue could be resolved through negotiations between the two sides and a trade war be averted.

Talking of China's founder status in the World Trade Organization (WTO), Zhu said that the reason why the issue has not been resolved to this day is that the U.S. has politicized the issue and demanded that China assume its obligations as a "developed nation."

Zhu said the U.S. demand on the issue is unreasonable and is therefore unacceptable to China.

The Chinese vice premier is on a week-long official visit to Thailand at the invitation of the Thai government from May 16 to 22.

Thailand is the second leg of his three-nation tour in Southeast Asia. He has visited Indonesia and will fly to Malaysia from Thailand.

PRC: Editorial Views U.S.-China Trade Relations, MFN Issue

OW1805100796 Hong Kong SOUTH CHINA MORNING POST in English 18 May 96 p 14

["Editorial: Uncertainty Remains"]

[FBIS Transcribed Text] Washington seems to be adopting a carrot-and-stick approach towards China. Barely 24 hours after the announcement of U.S.\$2 billion in sanctions over copyright piracy came President Bill Clinton's confirmation that he would seek to uncondi-

tionally renew Beijing's Most Favoured Nation (MFN) trading status for a further 12 months.

Still more significant was the President's conciliatory rhetoric, with his description of China as a "great nation" coupled with a tacit acknowledgement that it will soon command superpower status. None of that has done anything to appease Beijing's anger over the proposed sanctions.

But it does reflect an increasingly bipartisan awareness in Washington that indiscriminate trade threats, such as, the suggestion of denying MFN, no longer have any proper role to play in the Sino-U.S. relationship. With Republican presidential nominee Bob Dole also supporting renewal, the issue was never really in doubt. It is to be hoped that it can now be firmly buried, rather than continuing to cast an annual cloud over relations.

Uncertainty will remain, so long as the dispute over intellectual property rights remains unresolved. However, this involves specifically-targeted sanction, whose imposition is more readily understandable than indiscriminate trade threats. It might not seem that way at present, but Sino-U.S. relations have moved a step in the right direction.

The next stage must now be to resolve the copyright piracy row before the sanctions come into effect next month.

PRC: 'Experts' Urge U.S. To Remedy 'Erroneous Decision' on IPR

OW2005132796 Beijing XINHUA Domestic Service in Chinese 0807 GMT 20 May 96

[FBIS Translated Text] Beijing, 20 May (XINHUA) — The China Intellectual Property Rights Research Society held a seminar of experts on the protection of intellectual property rights (IPR) in Beijing today. Participants in the seminar reviewed our country's achievements in enacting IPR-related laws, refuted the U.S. Government's unwarranted accusations against our country, and expressed their utmost indignation over and strong dissatisfaction with the United States' unilateral imposition of trade sanctions on us.

Experts who attended the seminar come from the China Patent Office; the State Industry and Commerce Administration Trademark Office; the State Copyright Administration; the Supreme People's Court; the China Software Registration Center; the State Education Commission; the Chinese Academy of Sciences; the Chinese Academy of Social Sciences; the Culture Ministry; the Ministry of Radio, Cinema, and Television; the General Customs Administration; the Foreign Trade and Eco-

conomic Cooperation Ministry; and the Chinese People's University.

Experts who attended the seminar reviewed the course that our country's IPR system has taken over the past decade or so. They unanimously maintained: Our country has made tremendous achievements in establishing an IPR-related legal system. Whether in legislation, administrative law enforcement, or judicial protection, we have reached a standard that is universally acknowledged by people in international IPR circles. As IPR-related efforts go, our country has achieved in a decade or so what developed countries have taken several decades or even 100 years or so to achieve. Over the past two years in particular, our country has adopted a host of effective measures to protect IPR, further improved the legal system, strengthened judicial efforts, and taken strong measures to combat acts of infringement, including counterfeiting and piracy. It has achieved remarkable results in these respects. Since China and the United States reached an IPR protection agreement last year, our government has taken practical actions to honor the agreement in real earnest by promulgating the Regulations on Customs Protection for Intellectual Property Rights, forming special law enforcement teams, restoring order to markets for audio-visual products and computer software, and closing down factories engaged in infringement and piracy. These are universally recognized. The U.S. Government's unwarranted charges against our country on the grounds of insufficient IPR protection are unreasonable and unacceptable.

Experts who attended the seminar stated: Differences between countries on IPR issues should be settled through equal consultations, rather than through measures that are characteristic of power politics, such as the application of pressure and the adoption of retaliatory measures. Confrontation will lead us nowhere; it will only hurt the interests of both countries. Since conditions vary from country to country, the proper settlement of differences through equal consultations is a wise move that conforms to the interests of both countries.

Experts who attended the seminar strongly urged the U.S. Government to remedy its erroneous decision on the IPR issue and to return to the path of equal consultations.

PRC: Scholar Urges 'Equal and Patient Consultations' on IPR

OW2005112696 Beijing ZHONGGUO XINWEN SHE in Chinese 0238 GMT 20 May 96

[By reporter Yu Donghui (0151 2639 2547)]

[FBIS Translated Text] Beijing, 18 May (ZXS) — The U.S. list of trade retaliatory measures against China will take effect on 17 June. Will a "trade war" erupt between China and the United States? Zhou Shijian, China Institute of International Trade deputy director, said: It is difficult to predict that now. This is because the U.S. Government's action is largely a result of domestic political considerations during an election year. It is "a card" that Clinton plays in his bid for the presidency. Whether a trade war will break out will depend, to a large extent, on the U.S. Government's attitude.

Zhou Shijian pointed out: It is high-handed of the United States to readily resort to "sanctions" in trying to settle bilateral disputes. For one thing, sanctions and retaliatory measures originated from "Special 301" of the U.S. Trade Act in 1988. Since this act is a domestic law of the United States, it is not universally binding. Besides, many countries are strongly opposed to "Special 301" because the clause itself is contrary to the World Trade Organization's [WTO] basic principles. For another, sanctions and retaliatory measures will only bring suffering to both sides and "get innocent parties into trouble."

During last year's U.S.-Japan automobile trade war, the U.S. strategy of "sanctions" not only failed to work, but it also became the target of a complaint filed by Japan with the WTO. The international media generally denounced the United States. The problem was eventually solved through equal consultations. Citing this instance, Zhou Shijian stressed: Likewise, Sino-U.S. differences in the realm of intellectual property rights [IPR] can only be settled through equal and patient consultations. There is no other alternative.

China has criticized the United States for attempting to force its way into China's cultural market and to infiltrate China's ideological realm. Zhou Shijian said: Even Western developed countries will not completely open up their cultural markets. France strictly controls Hollywood movies by limiting their number to not more than one-quarter of the total number of locally produced movies. Canada ordered the U.S. "Country Music Television Station" to move out of its territory, claiming that the action was taken to defend its national tradition and protect Canadian culture.

Zhou Shijian stated: It is hoped that the U.S. Government will consider the overall interests of Sino-U.S. re-

lations and the fundamental interests of the two peoples, cherish the fruits of cooperation between the two countries in IPR protection, and lay down the stick of "sanctions and retaliation." Failing this, both China and the United States will suffer. Over the medium and long term, the United States will suffer even more because it will ultimately lose a new, vast market like China.

PRC: Sino-U.S. Firm Punished for Producing Pirated CD's

*OW1705111496 Beijing XINHUA in English
1106 GMT 17 May 96*

[FBIS Transcribed Text] Haikou, May 17 (XINHUA) — The Press and Publications Administration of China, under the State Council, has canceled the license of a Sino-U.S. joint venture because it produced pirated and pornographic publications.

The Hainan Anmei Laser Manufacturing Company, established in September 1994 with the approval of the Press and Publications Administration of China and the Ministry of Foreign Trade and Economic Cooperation, reportedly duplicated five varieties of pirated CDs and six kinds of obscene LDs in 26,000 pieces.

Chinese departments concerned are dealing with the aftermath of the case.

PRC: Shandong Official Urges U.S. To Control Waste Exports

*OW1805122896 Beijing XINHUA in English
1122 GMT 18 May 96*

[FBIS Transcribed Text] Qingdao, May 18 (XINHUA) — The U.S. has become the main country to dump its waste and garbage to China in recent years, according to the Shandong provincial administration for inspection of import and export commodities today.

An administration official noted that, in recent years, the rate of substandard waste paper imported to Shandong from the U.S. has been high, with some of it containing impurities.

He said that the recent incident, which has aroused wide concern in China, involved garbage brought to Beijing via Qingdao port and is not the only case, but has happened several times.

Early in 1990, he said, a local foreign trade company agreed to import eight containers of waste paper from the U.S.'s Full Shine Enterprise Co., which contained 348 items, weighing 200 tons, and was valued at 30,000 U.S. dollars.

When the first four containers arrived, on July 25, 1990, they were found to contain a lot of worn clothes, underwear, polluted clothing, plastic, wood, mud, and other urban waste.

"The most serious thing was that there was a very rotten dog in the waste," the official said.

A hygiene check had revealed that there were 110,000 to 450,000 germs in every square cm of the waste.

The U.S. exporter admitted their mistake and said they would not do it again.

But last July, the same company exported another load of waste to China, which arrived in Qingdao a few days before the load later shipped to Beijing.

A hygiene check found that the so-called No. 3 waste paper, weighing 470 tons, contained a lot of urban waste, which experts said was even worse than those shipped to Beijing.

These included many plastic bags, oil drums, cans, worn leather shoes, and clothes that exceeded standards several hundred-fold.

The Chinese importer has held several rounds of negotiation with the U.S. company, but it has yet to find a solution.

The official said China has had rapid development in its paper industry and to keep costs low has mainly imported waste paper from the U.S., giving rise to the impure waste problem.

In 1991, the Shandong administration checked on 32 loads, of 10,566 tons of American waste paper, of which 15 loads, or 40,000 tons, were below standards.

In 1992, the administration checked on 36 others, of 17,000 tons, in which two, of 1,249 tons were below standards.

In 1993, there were 42 loads in Shandong, of 20,850 tons, with four, of 12,490 tons, below standards.

In 1994, there were 93 loads, or 28,775 tons, of which seven, or 3,200 tons, were below standards.

Last year, the imported U.S. waste paper amounted to 125 loads, or 32,615 tons, of which nine, or 2,940 tons, failed to meet the standards.

In the first quarter of this year, Shandong had 17,167 tons of U.S. waste paper in 62 loads, of which two, or 9,700 tons, were below standards.

There was also some waste paper imported from the U.S., but not reported to customs, the official said.

Such a large sum of impure waste imported from the U.S., the official said, is not a simple question of some unscrupulous businessmen reluctant to keep promises.

There may be some other factors involved in the cases, he added, noting that exports fall under the jurisdiction

of U.S. customs and the government should be held responsible for them.

The official urged the U.S. to control the waste exports to other countries better.

PRC: Editorial on Li Teng-hui Inaugural Speech
HK2005085196 Hong Kong WEN WEI PO in Chinese
 20 May 96 p A2

[Editorial: "Commenting on Li Teng-hui's Inaugural Speech"]

[PTS Translated Text for FBIS] Under the excuse of the "leakage of the inaugural speech," the Taiwan authorities announced one day in advance the speech to be made by Li Teng-hui at the inaugural ceremony for the ninth "president." The speech continues the line of the previous stage, characterized by opposing and stalling on peaceful reunification. For fear that the confrontation policy would lead to cross-strait tension and hinder Taiwan's economic development, the speech plays the tactics of "sham relaxation"; makes empty promises; and asserts "both sides' becoming winners in the pragmatic policy, developing cross-strait ties, and promoting the great cause of national reunification"; in order to ease the pressure from Taiwan's industrial and commercial circles, urging him to take specific measures to improve cross-strait ties.

The inaugural speech repeats Li Teng-hui's same old tune of "the desire of the people lies in my heart," which actually meant "the desire of independence lies in my heart" made during his "alumni diplomacy" in the United States. Li Teng-hui still refuses to acknowledge "one China," and stresses that "separate rule across the strait is a fact," urging Beijing to "recognize the fact of the existence of the Republic of China [ROC] in Taiwan, Penghu, and Matsu." He says that "the existence and development of the ROC in Taiwan is already affirmed by the international community" and that he "will continue to promote his pragmatic diplomacy." Li Teng-hui also will talk about "one China," but it will be the "one China" that appears in the future. In other words, he will pursue "two Chinas" or "one China, one Taiwan" now.

Is it necessary for Taiwan to reunify with the mainland? Li Teng-hui says that "the profound and major policies related to the state cannot be determined by a single person or political party." The unspoken words here are that the Democratic Progressive Party (DPP), which proposes Taiwan independence, must take part in making the decision. If other political parties do not agree to reunification and want to continue to pursue Taiwan independence, the "split" should continue for a long time to come and Li Teng-hui will not make any decision. No wonder that even the DPP tacitly understood him and praised Li Teng-hui for playing the "stalling tactics."

After playing the "stalling tactics," Li Teng-hui tries to gloss over the problems. He says: "As long as the

country needs me and the people support me, I am willing to carry with me the common will of the 21.3 million compatriots to start my peace tour of mainland China." He actually has erected two obstacles in this statement: First, if the 21 million compatriots do not have a common understanding, he will not visit the mainland; second, an end to the state of hostility can be attained only when the mainland has renounced the use of force. However, Li believes that an end to the civil war is not tantamount to an end to hostility.

In his inaugural speech, Li Teng-hui rejects the "one country, two systems" peaceful reunification scheme mentioned by Jiang Zemin in the "eight-point proposal." Instead, he proposed that the mainland learn from Taiwan's political system" and use Taiwan's "experience in construction to guide the orientation of the mainland's development." However, he did not adopt any specific measures in the inaugural speech for the "completion of the reunification cause in the 21st century." It is a speech of abstract affirmation and concrete negation which erects obstacles at every step.

Delivering the inaugural speech is one thing, while meeting the media is another. Li Teng-hui practiced "double dealing" in spreading different views. He gave interviews to NEWSWEEK, ASAHI SHIMBUN, and CNN, saying that he will visit the United States and Japan at an opportune time in the coming year. He continued: "Before reunification, we cannot say that there is one China." He attempts to take this as an opportunity to openly pursue two Chinas in the international arena before the attainment of reunification. He adopted an eccentric and unreasonable attitude. It is clear that he had no sincerity at all, but shifted the responsibility for the meeting between top leaders of the two sides to "the ongoing transfer of power on the mainland, which is still unstable." He said that he will not visit the mainland unless the mainland's political situation meets his prerequisites. In these double-dealing tactics, he wants to seek a relaxation of the tense situation and also reject the peace talks. Such a hypocritical attitude will not help in any way to improve cross-strait relations.

On cross-strait relations, Taiwan cannot talk about one thing, but do another. What Taiwan should do is to start afresh and genuinely return to the "one-China" principle, in word as well as in deed. One must not expect to use tricks to cheat others. Those who try to be clever in applying "stalling tactics" will only end up with a blunder.

Li Teng-hui had to acknowledge in his inaugural speech, that "we will lose everything without successful economic development." He also claimed that Taiwan should be turned into an "Asia-Pacific Operations Cen-

ter." However, as everyone knows, Taiwan's economic development will be empty talk unless the Taiwan authorities give priority to the development of cross-strait ties. Without cooperation from the mainland, the "Asia-Pacific Operations Center" also will be merely something on paper. Taiwan's industrial and commercial circles are deeply worried about this, and more than half of the people insist that the Taiwan authorities' urgent task at present is to improve cross-strait ties; otherwise, Taiwan's economy will be battered. Mainland China has become the source of Taiwan's surplus trade, which amounts to \$13 billion. The change effected in Taiwan's economy also depends on the transfer of part of its traditional industry to the mainland, making use of the mainland's cheap land, wages, and raw materials to strengthen competitiveness. Taiwan's action to resist peaceful reunification since June of last year has brought tension and uncertainty across the strait. Foreign investors and Taiwan businessmen have suspended their investment in Taiwan and have shifted their funds abroad. Li Teng-hui's term of office is four years. If he "stalls" for four years, to what level will Taiwan's economic decline after four years? Does Li Teng-hui have the "strength" to stall? Li has missed a lot of opportunities and if he continues to "stall," there will be "no more" stakes left in his hands. If he is "wise," he should move in the "one-China" direction — a broad road, which will benefit Taiwan's economy. Li Teng-hui will be utterly isolated and blamed by the people if he takes any other road.

PRC: Editorial Urges Return to One-China Track
OW1805141096 Hong Kong TA KUNG PAO
in Chinese 18 May 96 p A2

[Editorial: "Truly Return to the One-China Principle"]

[FBIS Translated Text] Under pressure from the people on the island, the Taiwan authorities recently indicated they would resume consultations between the two organizations [the Association for Relations Across the Taiwan Strait and the Strait Exchange Foundation] and improve cross-strait relations.

A Chinese Foreign Ministry spokesman said: What Taiwan should do now is to take a new tack and truly return to the "one-China" principle, both in deed and word. A recent XINHUA special commentator's article also pointed out: Since the Taiwan authorities have asserted that "both sides of the Taiwan Strait uphold the one-China principle" and indicated that "it is necessary to improve cross-strait relations," now is the time for action.

Upholding the "one-China" principle is the premise and the basis for developing cross-strait relations and for

realizing national reunification. It is also the Chinese Government's consistent stand. For this reason, President Jiang Zemin, in his speech during last year's Spring Festival, listed this principle at the top of his eight-point proposal and pointed out that the division of China's sovereignty and territory would not be tolerated, and that all statements and actions aimed at fostering "Taiwan independence" and all propositions that ran counter to the one-China principle were to be opposed firmly.

The cross-strait tension that has arisen since last June is the result of Li Denghui [Li Teng-hui] vigorously practicing "pragmatic diplomacy," seeking "readmission to the United Nations," undermining the "one-China" principle, and promoting "two China's" or "one China, one Taiwan." This dealt a blow to Taiwan's economy and brought suffering to its people. Some people in Taiwan's political circles strongly condemned Li Denghui's actions, saying that he was "using Taiwan's 21 million people as wagers in a political gamble" and "bringing a crisis to the people of Taiwan." If the Taiwan authorities now really want to improve cross-strait relations, they should take practical actions to show that they do not condone or support the forces for "Taiwan independence"; do not advocate "rule under separate regimes" and the existence of "two China's during the current phase"; and do not practice "pragmatic diplomacy" and engage in activities aimed at gaining "readmission to the United Nations."

Yet, the Taiwan authorities recently defended the actions taken by Li Denghui since last year that have been detrimental to cross-strait relations, while at the same time asserting the need to improve such relations. They continued to advocate "readmission to the United Nations" and "equal participation in the international community" along the lines of the "two Germany's" and the "two Korea's," while at the same time denying that they are promoting "two China's" or "one China, one Taiwan." They made endless remarks to the effect that "the Republic of China [ROC] on Taiwan is a country with independent sovereignty," while at the same time claiming that "Taiwan is not promoting independence."

People have no choice but to suspect that the Taiwan authorities' recent statements regarding the improvement of cross-strait relations were just a kind of posturing motivated by certain political needs and used as a smoke screen for their separatist activities.

One cause of Li Denghui's election victory is his promise to voters that he would not promote "Taiwan independence" and would "study and plan ways to end cross-strait hostility after being elected." This was an "inducement" to voters. Before his so-called inaugural speech, Li Denghui has no alternative but to give the

people of Taiwan the impression that he is "pursuing peace talks" and to assume a posture that makes him look like he is trying to improve relations.

Thanks to the Chinese Government's active efforts, recent years have witnessed a steady expansion of cross-strait personnel exchanges and the rapid development of economic cooperation and trade. These have injected new vitality into Taiwan's economy. Nevertheless, Taiwan's economy suffered greatly during the period of strained cross-strait relations. Drawing upon both positive and negative facts, the people of Taiwan have come to realize that a fundamental way to lift Taiwan out of its predicament is to develop cross-strait relations with the ultimate goal of realizing national reunification. At present, Taiwan is facing a strong demand for achieving "three exchanges" and for actively promoting cross-strait economic cooperation and exchanges of all kinds. An early end to the division across the Taiwan Strait is the common aspiration of the people. Knowing that out-and-out opposition to reunification will not work under such circumstances, the Taiwan authorities have engaged in duplicity and peddled their separatist wares under the pretext of "one China."

Li Denghui's harangue yesterday about the "definition" of "one China" merits attention. He said that "by one China we mean the ROC," and that "it is a great mistake to think that the ROC does not exist and that Taiwan is a province of the PRC. Historically, there is no definition like this." This is sheer nonsense that is entirely contrary to historical fact.

There is only one China in the world, and Taiwan has historically been part of China. Forty-seven years ago, the Chinese people overthrew the "ROC" Government in Nanjing and founded the PRC. Since then, the PRC has represented China in the international community. The PRC Government is the sole legitimate government through which China exercises its sovereignty. One

China refers to the PRC, and Taiwan is naturally a province of the PRC. This is a universally acknowledged fact, as well as a political reality that Li Denghui cannot change.

Li Denghui should not think that through Taiwan's so-called "democratic election," his "presidency" has been legitimized and that he can determine Taiwan's "future" on behalf of the people of Taiwan and establish "a country with independent sovereignty." He must understand that Taiwan's status as an inalienable part of China is iron-clad and unchangeable. There is no question of "self-determination." While the people of Taiwan have the right to elect their local leader, they have no right to determine the future of their region, as claimed by Li Denghui. Regardless of the method for electing Taiwan's leader, Taiwan remains an inalienable part of China and Taiwan's leader remains the leader of a Chinese region. This is a political reality that Li Denghui cannot change.

Does Li Denghui's interpretation of the "one-China" principle illustrate his sincerity about improving cross-strait relations and about "studying and planning ways to end cross-strait hostility?" Does it illustrate his willingness to return to the principled stand on "one China?"

Thirteen years ago, Mr. Deng Xiaoping said: By peaceful reunification, we do not mean the mainland gobbling up Taiwan. Of course, it does not mean Taiwan gobbling up the mainland. The so-called "reunification of China through the Three Principles of the People" is unrealistic. It would seem that Li Denghui not only lacks sincerity about improving cross-strait relations but also harbors ambitions about gobbling up the mainland and ruling China. Mr. Li Denghui, you have misjudged China's situation and yourself.

Taiwan: Li Teng-hui Grooms Heads of State
OW1905114196 (Internet) Taiwan Central News
Agency WWW in English 1112 GMT 19 May 96

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, May 19 (CNA) — President Li Teng-hui greeted four heads of state coming here to attend his inauguration at the Chiang Kai-shek Memorial Hall Sunday afternoon [19 May].

The four were Costa Rican President Jose Maria Figueres, Guatemala President Alvaro Arzu [name as received], Burkina Faso President Blaise Compaore, and Governor General Orville Alton Turnquest of the Bahamas.

Nicaraguan President Violeta Chamorro was unable to attend the military salute due to sickness.

Li, together with ROC Vice President Li Yuan-tsu, Presidential Secretary General Wu Poh-hsiung, Premier Lien Chan, and Foreign Minister Chien Fu greeted the foreign leaders with a 21-gun salute one by one beginning at 3:30 p.m.

With ROC military bands playing the ROC national anthem and the anthem of Costa Rica, Figueres reviewed the grand military honor guards at the company of Li.

Li waved hands to people who were standing at the lobby of the National Theatre at the memorial hall after the close of the military salutes. The general public were allowed to view the military salutes.

The four heads of state were accompanied by Justice Minister Ma Ying-jeou, Overseas Chinese Affairs Commission Minister Chang Hsiao-yen, and Fair Trade Commission Chairman Wang Chih-kang.

Li has greeted another four heads of state from friendly countries at the same site on Saturday.

Taiwan: Li Teng-hui Interviewed on Diplomatic Issues

OW1705122396 Tokyo ASAHI SHIMBUN
in Japanese 17 May 96 Morning Edition p 9

["Summary" of an interview with Taiwan President Li Teng-hui by Hideto Fujiwara, ASAHI SHIMBUN reporter, on 16 May at a guest room of the Presidential Palace in Taipei]

[FBIS Translated Text] [Fujiwara] What are you going to emphasize in your speech at the presidential inauguration, which is scheduled to be held on 20 May?

[Li] I will focus on three matters. First, I would like to stress the fact that China needs democracy and freedom. The second point is that we must carry out political

reform. Even under freedom or democracy, legislation and education based on the old value system are not good enough. We have to seek new culture from both soft and hard perspectives. The third point is what we should do about our ties with the mainland.

Holding of Top-Level Private Sector Meetings

[Fujiwara] What is your view of holding top-level talks?

[Li] It is difficult to hold political talks because their ideology is very much different from ours. This is a difficult issue to solve even though we are the both Chinese. Taiwan cannot accept the idea of two systems in one country. The Republic of China is a nation that has been in existence for more than 80 years. However, (China) gets angry if we start to talk about the fact that Taiwan has sovereignty.

[Fujiwara] In your six-item proposal for dealing with China which was announced in April of last year, you made an overture of holding talks with Chinese leaders during international meetings. However, do you not think it is also important for you to talk face-to-face with the top Chinese leader?

[Li] You are right. But I cannot make an announcement beforehand. As a democratic procedure, we will hold national policy meetings in July and August. There is a possibility that we may make a new proposal to the mainland after listening to all opinions and reaching a consensus.

[Fujiwara] Do you think it is important for President Jiang

Zemin to establish influential power at the party convention, which is scheduled to be held in September next year, before he can come up with major themes?

[Li] That is right. Things he says today become different tomorrow. Today he may say something about giving an approval or he would put trust in something. Later, however, he always says that he did not mean it.

[Fujiwara] How could President Jiang make an eight-item proposal to Taiwan in January 1995 if he did not have influential power?

[Li] That is because he had to make a breakthrough on his own. Is it not true that Deng Xiaoping's health is in a critical situation? In China a leader has to have considerable power, like in handling the Taiwan issue, to take political power or bring the overall situation under his control. Therefore, the Taiwan issue is a cause of power struggle. (President) Jiang's proposal goes beyond the idea of one country, two systems. However, CPC Propaganda Department chief Ding Guangen ignores the proposal. Of late, Premier Li Peng

brought up the importance of the eight-item proposal. However, I knew beforehand that Mr. Jiang would make the eight-item proposal and prepared myself for its announcement. At the national unification committee meeting held in April last year, I announced the six-item proposal so that we could respond to respond. But the proposal was ready one month before it was announced. The eight-item and six-item proposals agree on the idea of solving the (Taiwan Strait issue) peacefully.

[Fujiwara] Was there any communication with Mainland China after the presidential election?

[Li] The mainland has no latitude for that. I want to hold talks with top business leaders to have candid discussions. However, the plan has stalled. We are willing to do it. It is worth holding the talks just to find out what we really think about each other. I guess that the mainland has started discussing a new policy after realizing that the military drills had no impact on Taiwan.

[Fujiwara] What are the prospects for talks with top business leaders?

[Li] Although my speech at the 20 May inauguration ceremony has been drawing public attention, our policy is consistent. We will treat issues one by one and step by step. I will not put unusual things in my speech on 20 May. There may be a small change, but no drastic changes in our policy.

No Plan To Engage in Military Competition

[Fujiwara] It is said that you will not visit the United States this year. Is this a self-restrained decision based on your consideration of Taiwan's relationship with China?

[Li] The mainland has nothing to do with it. Since President Clinton is in an election campaign, it would be better not to stir the situation.

[Fujiwara] Then, will you visit the United States after the presidential election?

[Li] I will indeed. U.S. House Speaker Newt Gingrich has invited me. I will not visit this country this year; however, if there is no problem with the host country to receive me, my actions will not be restricted.

Next year will mark the 100th anniversary of the foundation of Kyoto University. As Mr. Ichiro Ozawa (New Frontier Party leader) said, my actions in an individual capacity will not be restricted.

[Fujiwara] Are you considering Japan?

[Li] No (considering Japan). It is up to the prime minister to decide. However, it would be difficult (to

attend the anniversary) because Kyoto University is one of the national universities. Pressure may come from the Japanese Government or the Education Ministry.

[Fujiwara] There may be a possibility that U.S.-PRC relations will impact on Taiwan's ties with the mainland.

[Li] They consider the United States, Taiwan, and the People's Republic of China (PRC) a triangle. I would say that negotiations should be bilateral. It is not good to treat us like a child any more. It is as if a 20-year-old is wearing a five-year-old's clothing. It is better to adjust the negotiation style to one which suits the development of democracy.

[Fujiwara] What is your view on the reaffirmation of the Japan-U.S. security treaty? Do you think that the security treaty would help ensure security in east Asia?

[Li] The Japan-U.S. security treaty is an issue which should be decided upon by these two countries. It would be better not to comment on what I think about it, but it is contributing to east Asian stability. The Japan-U.S. security treaty does not consider the People's Republic of China (PRC) as a potential enemy nation. The two countries are simply discussing issues concerning defense

[Fujiwara] Your country is strengthening defense capability by purchasing F-16 fighters and Mirage fighters. What do you think about future defense strategy and regional security.

[Li] Taiwan used to have a different opinion regarding the nation's defense system. During the era of Chiang Kai-shek and Chiang Ching-kuo, the Army was reinforced to counterattack the mainland. Nowadays, we discuss defense only from a standpoint of self-defense. Therefore, we have replaced aging airplanes and vessels with advanced models. Since Taiwan is highly dependent on foreign products, how to break a possible blockade by an enemy is a focus of our defense strategy. We do not have the money to spend on an arms race. The Korean peninsula, the Taiwan Strait, and the South China Sea are the hot spots for Asian security. Conflicts can easily break out in those areas. For example, ambiguity in territorial sovereignty over islands in the South China Sea has brought about various disputes. China should establish a joint venture for developing this area rather than keep other countries in check with its military power. I propose that China develop this area in cooperation with Japan and South Korea.

[Fujiwara] There are views that the Taiwan economy has excessively relied on Mainland China by rapidly increasing its investment therein. What do you think of this?

[Li] We have invested mainly in labor-intensive industries that cannot survive in Taiwan. Wages have become too high for those industries to survive in Taiwan since 1975-76. To do business in south China was the easiest way for them to survive. Although materials and intermediate products need to be brought into China from Taiwan, those materials are not tax exempt. Therefore, more than half of those Taiwanese companies doing business in China are having difficulties. However, thanks to success in structural reform, companies have become big, and high-technologies have been introduced in Taiwan.

[Fujiwara] Is there any possibility that Beijing would recognize self-government by various regions to form federal system?

[Li] That is an interesting view. It is necessary for the mainland to consider development of the whole of China beyond the scope of its ideology. Mao Zedong could rule 1.2 billion people because all of them were poor and because he was the only one who could offer them something. However, in view of the rapid progress in the reform program under the open-door policy, it is doubtful as to whether Beijing can control the entire country. How to share tax revenues is also a difficult problem.

More Exchange Programs With Japan

[Fujiwara] In Taiwan economic circles, there is a strong call for the three exchanges (mail, air and shipping services, and exchange through trade).

[Li] Fully automated telephone service is available between Taiwan and the mainland via Hong Kong, so there is no problem with communications. However, flight and shipping services via Hong Kong take time. Therefore, we have been proposing for a few years that a special zone like Hong Kong should be formed in Taiwan to directly connect the two sides of the strait. Although several problems, including issues on flags and sovereignty, would arise from direct exchanges, certain solutions should be found so Taiwan will be able to serve as the controller of exchanges of materials and people in Asia. However, we will not be able to resolve those issues before the return of Hong Kong.

[Fujiwara] Taiwan is now entering a new era. What is your view about the future relationship with Japan?

[Li] I understand Japan to a certain extent, whereas Japan lacks knowledge about Taiwan. Japan needs to carry out more cultural and personnel exchange programs with our country like it conducts with the United States. High-level exchange programs also need to be promoted.

Taiwan: CNA Reports 'Full Text' of Li Teng-hui 17 May Interview

OW1705154996 (Internet) Taiwan Central News Agency WWW in English 1516 GMT 17 May 96

[FBIS Transcribed Text] Taipei, April 17 (CNA) — The following is the full text of President Li Teng-hui's interview with Andrea Koppel, the Beijing Bureau chief of the Cable News Network (CNN), which was conducted Friday [17 May] in the Presidential Office:

A: After my inauguration, very soon, probably in July or August, we may need to convene a Political-Economic conference. This conference will cover such important topics for the next four years. The first one will be our mainland policy. The second one would be the foreign policy for the Republic of China (ROC) on Taiwan, and lastly, what opinions people have on domestic political reform.

Q2. You mentioned China. And you have said that "there is one China." Can you explain what that means, please?

A: By "one China" we mean the Republic of China. Perhaps the Chinese mainland means the PRC, "People's Republic of China." So, the definitions are very different. This is a very important fact. However, internationally, many people believe that "China" is the "People's Republic of China." So, under these conditions, mainland China now demands that all issues should begin from the premise of so-called "one China"; and the Republic of China simply does not exist, and Taiwan becomes a province of the PRC.

This is a great mistake. Historically, there is no such explanation as this. We must understand that China is a divided nation ruled by two separate political entities. The second issue is that for there to be "one China," China must be reunified. Without reunification, there is no such so-called "one China," just the "People's Republic of China," and here we call it a Republic of China.

Q3. Mr. President, you seem to be saying that there are two equal, sovereign governments, one, the People's Republic of China in Beijing, and other, the Republic of China here in Taiwan. What does that do to the framework that was established in 1979? It sounds as if you are saying that the framework is outdated.

A: That's correct. I should explain it in this way: In the more than two decades since then, the Republic of China has grown up. It is more than twenty years old. And if you ask it to go on wearing a five-year-old's clothes, they just won't fit anymore. The Republic of China has made tremendous progress over these past twenty-some years.

Q4. I can tell you this, Mr. President, because I live in Beijing right now. And what you have just said, in the eyes of the leadership in Beijing, sounds to them like "independence." And to Mainland China, the direction in which you are heading is a very dangerous one. Do you feel a certain responsibility as the soon-to-be first freely elected president of Taiwan, not to endanger the lives of the 21 million citizens of Taiwan, and then others who live in Asia?

A: Taiwan has never declared "independence." The Republic of China has existed historically for a long time, and there is no need to declare independence.

Q5. So you don't see this as a dangerous game, that, perhaps, there are those who say you are playing right now, by saying "we're a sovereign state," and yet, for all intents and purposes, Taiwan acts....

A: That's right. The scary thing about the mainland regime is that they have seized upon "Nationalism" as their slogan. Nationalism is an intense thing, it can be an irrational kind of thought. In other words, if you don't act in line with "the state" and if you deviate at all from what they think, they invoke "Nationalism" to hit you over the head. If Taiwan wants to hold a presidential election, they say they have the right to hit you. Perhaps with the exception of Hitler's brand of nationalism, there has never been so emotional a version a nationalism as this.

Q6. You have said in previous interviews that the conditions that would be necessary for reunification to take place would involve the mainland first renouncing the use of force against Taiwan, and secondly, that Mainland China would be a democracy. With those types of conditions, I would think that reunification would not be likely in your lifetime, sir.

A: If not in my generation, then in the next. Why not? We can not simply "surrender" to bring about reunification. That is impossible, right? The Chinese mainland is not beyond change. It would be difficult for the regime there to keep things as they are. With 1.2 billion people, can a small minority of leaders control them? You think about it, is it really possible?

Mr. President: Thank you very much.

Taiwan: Li Teng-hui Says Freedom, Democracy Goals of Government

OW1805094196 (Internet) Taiwan Central News Agency WWW in English 0916 GMT 18 May 96

[By Lilian Wu]

[FBIS Transcribed Text] Taipei, May 18 (CNA) — President Li Teng-hui reiterated Saturday [18 May] that

freedom and democracy are the goals of the people and the government of the Republic of China [ROC].

Li said that all people long for freedom, democracy and human rights, Li said that the pursuit will not change because of time or place differences.

President Li made the remarks when he received a Scandinavian delegation, consisting of members of the Copenhagen Conference for Taiwan (ROC), at the Presidential Office.

The delegation is comprised of parliamentarians, scholars, and media representatives from three Nordic countries.

Li said that he will continue to work for the wellbeing of the people, adding that he will carry out more reforms in the next four years, mainly in political, administrative, and educational fields.

"Those changes will not be completed within the next four years," but Li said that he hopes "to lay a solid foundation for the future development of the nation and the next generation."

The delegation came here at the invitation of the Ministry of Foreign Affairs. They will attend President Li's inauguration on May 20.

Taiwan: Text of President Li Teng-hui's Inaugural Speech

OW2005032496 Taipei Broadcasting Corporation of China News Network in Mandarin
0205 GMT 20 May 96

[Comparative version of (Internet) Taiwan Central News Agency WWW in English 1433 GMT 19 May 96; explanatory notes describe differences from CNA English version]

[FBIS Translated Text] Heads of State and Special Envoys From Friendly Countries Afar, Members of the Diplomatic Corps [CNA English version reads "Your Majesty, Your Excellencies"], Distinguished Guests, My Fellow Countrymen, Ladies and Gentlemen:

Today we are assembled here to jubilantly and solemnly celebrate the inauguration of the President and the Vice President before all our compatriots. This gathering marks not only the commencement of the ninth-term Presidency and Vice Presidency, but also a fresh beginning for the future of the country and the people.

Today, the 21.3 million people in this country formally March into the new era of "popular sovereignty."

Today, the Chinese people enter a new frontier full of hope.

Today, we in Taiwan firmly tell the world, with great pride and self-confidence:

—We now successfully stand on [CNA English version omits word "successfully"] the apex of democratic reform and will remain there resolutely. [applause]

—We have proved eloquently that the Chinese are capable of practicing democracy.

—We have effectively expanded the influence of the international democratic camp and made significant contributions to the cause of freedom and democracy.

Therefore, this gathering of today does not celebrate the victory of any candidate, or any political party for that matter. It honors a triumph of democracy for the 21.3 million people. It salutes the confirmation of freedom and dignity—the most fundamental human values—in the Taiwan, Penghu, Kinmen and Matsu area.

My fellow countrymen: The doors have opened to full democracy, with all its vigor in full swing. Today, most deserving of a salute are the people of the Republic of China:

—A salute to them for being so resolute and decisive when it comes to the future of the country.

—A salute to them for being so firm and determined when it comes to the defense of democracy.

—A salute to them for being so calm and invincible when it comes to facing up to threats.

From now on, the people as a whole, rather than any individual or any political party, will be invested with the ruling power of the nation. This is free will in full play, the fullest realization of popular sovereignty, the real compliance with the will of Heaven and response to human wishes, the getting rid of the old and ringing in the new. All the glory belongs to the people.

My fellow countrymen: At this very fresh start of history, we pledge ourselves to launch the new era with a new determination and new deeds. This is our common homeland, and this is the fundamental support we draw upon in our struggle for survival. Fifty years of a common destiny forged in fortune and misfortune have united us all into a closely bound and interdependent community. The first-ever popular presidential election has reconfirmed our collective consciousness that we in Taiwan have to work together as one man.

How to make this land of ours more beautiful and how to make its inhabitants feel safer and live a happier and more harmonious life is the common responsibility of the 21.3 million people! [applause]

"Whatever the people desire is always in my heart." I am fully aware of the needs of the people and I pledge

myself to do my best to deserve their trust. But no individual or political party can single-handedly decide a policy of far-reaching importance to the country. The government will soon invite opinion leaders and other representatives from various quarters to exchange views on major topics of future national development. The consensus that emerges from such meetings will launch the country into a new era. [applause]

The election is over, but the promises made during the campaign will be kept and fulfilled as soon as possible. Building a modern country entails the services of all available talents. I am convinced that only when upright, insightful, capable and experienced people, regardless of their political affiliation or social group, participate in the leadership of the government will political stability and national growth be ensured. [applause]

The times are changing, so is the social climate. Keeping in the old grooves while refraining from any innovation is doomed to failure. Political maneuvering has no place in political interaction, nor can self-interest have any role in deciding upon a political position. No quarrels can be started under the pretense of representing the will of the voters. A boycott certainly is not the equivalent of checks and balances. The ideal of democracy we are pursuing means not just effective checks and balances; it demands hand-in-hand cooperation for the welfare of the people among the political parties. [applause]

Four years will soon pass. We have no time for wavering or waiting. For the purpose of laying a solid and secure foundation for the country and bequeathing a happy and comfortable life to the future generations, let us get off to a very good start today — May 20, 1996. [applause]

Firstly, we have to broaden and deepen the democratic exercise. Horizontally, we will share our democratic experience with all Chinese and international friends. Vertically, we will proceed to phase 2 constitutional reform, promote clean elections, ensure clean and efficient government, enhance law and order, restructure the political landscape, and strengthen the multiparty political system, so as to guarantee stability and development for democracy. [applause]

Economic growth and political democracy are equally important. Without continued success in economic development, we risk losing everything. We have to make sure that the plan for turning Taiwan into a hub for business operations in the Asia-Pacific region will proceed on schedule so that the ROC [CNA english version reads "this country"] may from a position of strength play a role to be reckoned with in the international community and in the process of national unification. In the meanwhile we have to plan ahead for national development

well into the next century, nurture a liberalized and internationalized economic regime in as short as possible a period of time, foster a low-tax, obstacle-free business climate, renovate the land system, improve the small and medium business, and greatly enhance national competitiveness. Only when thus prepared will we be able to compete in a new Asia-Pacific age of mutual benefit and co-prosperity, thus becoming an indispensable partner for prosperity and development internationally. [applause]

To achieve a balanced development, we will also work for reform in other internal issues [CNA English version reads, "At the same time we do not intend to neglect development in non-economic sectors"]. Our top priorities will be the judicial system, education, culture, and social restructuring, which will have to move ahead in tandem.

Judicial reform should be based above all on the rule of law. All judicial judgments have to be fair and make sure that all are equal before the law. The rule of law being the foundation of democracy, the cause of democracy will be compromised to a serious extent if court rulings are not trusted by the people. The reform will also guarantee full respect for any fundamental human rights including those of prisoners and parties to a law suit. Rectitude and efficiency in the court and prosecutorial system will have to be drastically improved. [applause]

Reform in education aims to put into practice a concept of education that imparts happiness, contentment, pluralism and mutual respect. Such education is designed to develop potentialities, respect individualism, develop personal characters [fa chan ko hsing 4099 1455 0020 1840] [CNA English version reads, "promote humanism"], and encourage creativeness. All unreasonable restrictions will be removed to allow the emergence of the life education system. Ample room will be reserved for individual originality and personal traits to ensure the continued pursuit of self-growth and self-realization. The new generation will be assisted to know their homeland, love their country and foster a broad international view. Fortified in this manner they can better meet international challenges and map out a bright future for their country in an increasingly competitive global village. [applause]

My fellow countrymen: After 5,000 years the Chinese are still going strong solely because they derive sustenance from an excellent culture. Under the strong impact of Western civilization since the mid-19th century, Chinese culture has gone through tribulations and shocks giving rise to a sharp decline in confidence among some people and decline in national strength [CNA English

version omits "among some people and decline in national strength."] Bearing this in mind, I have never stopped thinking about cultural reconstruction and [wen hua te tsung chien 2429 0553 4104 6850 1696] [CNA English version omits "cultural reconstruction and"] cultural regeneration. I am hoping that the people of Taiwan will nurture a new life culture as well as a broad and long-sighted view of life. The new Chinese culture, with moorings in the immense Chinese heritage, will draw upon Western cultural essence to facilitate adapting to the new climate of the next century. [applause]

This is the essence of the concept of "manage the great Taiwan, nurture a new Chinese culture [hsin chung yuan 2450 0022 0626]." All the major cultures originated in a very restricted area. The 5,000-year Chinese culture also rose from a small region called Chung Yuan. Uniquely situated at the confluence of mainland and maritime cultures, Taiwan has been able in recent decades to preserve traditional culture on the one hand and to come into wide contact with Western democracy and science and modern business culture on the other. Equipped with a much higher level of education and development than in other parts of China, Taiwan is set to gradually exercise its leadership role in cultural development and take upon itself the responsibility for nurturing a new Chinese culture. [applause]

Managing the great Taiwan can nurture not just a new culture, but also a new society. With political democracy, Taiwan's society has become robustly pluralistic. We should use the vigor thus released to nurture new social life and bring about social development and progress [CNA English version reads, "The vigor thus released will provide nourishment for new social life and bring about further progress"]. [applause]

We will regenerate family ethics and build up a strong sense of community beginning at the grass roots. This will enable us to have a harmonious and communicative society where all members can have the joy of family life. Proceeding from the perspective of sustained development, [CNA English version omits "Proceeding from the perspective of sustained development"], people will also be encouraged to live a simple life and treasure all available resources. The land should be used based upon optimum planning, and nature conservation should be promoted to make it possible for future generations to savor the beauty of the landscape. [applause] In the same spirit, we will take better care of the disadvantaged groups in the interests of social harmony and human dignity. We also want to have in place a social security system, fair to all and sure to endure, that provides for freedom from want. [applause] But this system can only be installed gradually, depending upon the availability of funding support.

At the very time when we are engaged in the task of developing the ROC on Taiwan, the overseas Chinese are never out of mind. We do our very best continuing to assist them in developing their careers. The welfare of the Chinese in Hong Kong and Macao has always been of great concern to us. We are ready to lend them a helping hand to help maintain democracy, freedom and prosperity in this area. [applause]

Today the existence and development of the ROC on Taiwan has won international recognition and respect. In the new international order of today, such basic tenets as democracy, human rights, peace and renunciation of force are universally adhered to; they are in full accord with the ideals upon which our country was founded. We will continue to promote pragmatic diplomacy in compliance with the principles of goodwill and reciprocity. By so doing we will secure for our 21.3 million people enough room for existence and development as well as the respect and treatment they deserve in the international arena. [applause]

My fellow countrymen: China has suffered a lot in the 20th century. In the initial stages, it was buffeted with a series of invasions, and over the last 50 years an ideological gap has been responsible for the Chinese-fighting-Chinese tragedy, resulting in confrontation and enmity among the Chinese. I have been of the view that on the threshold of the 21st century the two sides of the Taiwan Strait should work for ending this historical tragedy and ushering in a new epoch when Chinese should help each other. [applause]

It is this consideration that over the past six [CNA English version omits "six"] years has been guiding our initiative in promoting a pragmatic [wu shih; probable STC's 0523 1395] [CNA English omits "pragmatic"] win-win strategy for expanding cross-strait relations leading to eventual national unification, but we are doing this on the premise that the Taiwan, Penghu, Kinmen and Matsu area is well protected and the welfare of its people safeguarded. Unfortunately, the cross-strait relationship has experienced bumps from time to time because the Chinese Communists have refused to admit the very fact that the Republic of China does exist in the area. Beginning last year, the Chinese Communists, because of their opposition to democracy, launched against myself a smear campaign using false charges to damage my credibility, but I simply ignore their irrational behavior [yu chia chih tsui ho huan wu tzu; probable STC's 2948 0502 0037 4997 0149 1891 2477 6588] and remain patient. An eye for an eye is no solution to an historical question of 50 years. [applause]

In an attempt to influence the outcome of the first popular presidential election in March, the Chinese

Communists conducted a series of military exercises against Taiwan, but unrivaled restraint prevailed in this country. We know that it is imperative that peace and stability be maintained in the Asia-Pacific region. More important, we would not like to see the sudden disappearance of the economic growth in Mainland China that has been made possible with great difficulty by its openness policy over the years. Patience on the part of the 21.3 million people is not tantamount to cowardice. Because we believe quiet tolerance is the only way to dispel enmity bred by confrontation. [applause] We will never negotiate under threat of attack, but we do not fear to negotiate. [applause] Our position is that dialogue will lead to the resolution of any issues between the two sides of the Taiwan Strait. [applause]

The ROC has always been a sovereign state. Disputes across the Strait center around system and lifestyle; they have nothing to do with ethnic or cultural identity. Here in this country it is totally unnecessary or impossible to adopt the so-called course of Taiwan independence. [tsai che li wo men ken pen mei you pi yao yeh pu ke neng tsai hsing shuo wei tai tu te lu hsian; probable STC's 0961 6638 6849 2053 0226 2704 2609 3093 2589 1801 6008 0048 0008 0668 5174 6846 5887 2076 6182 0669 3747 4104 6424 4775] [applause] For over 40 years, the two sides of the Strait have been two separate jurisdictions [ke hai fen chih; probable STC's 7133 3189 0433 3112] due to various historical factors, but it is also true that both sides pursue eventual national unification [tou i chui chiu kuo chia tong i wei mu piao; probable STC's 3189 1499 7175 2455 6757 0110 6620 3061 0948 1367 4827 0001 3634 4158 2871]. [applause] Only when both sides face up to the facts and engage in dialogue with profound sincerity and patience to seek common ground while striving to resolve differences [i tsui ta ti cheng i yu nai hsin chin hsing tui tan kou tong hua i chiu tong; probable STC's 0110 2584 1129 4104 6134 1942 5280 5082 1800 6651 5887 1417 6151 3297 6639 0553 8381 3061 0681] will they be able to find the solution to the unification question and work for the common welfare of the Chinese people. [applause] [CNA English version drops the phrase: "to seek common ground while striving to resolve differences"]

Today, I will especially [CNA English version drops the word "especially"] seriously call upon the two sides of the Strait to deal straightforwardly [cheng shih chu li; probable STC's 2973 6018 5710 3810] with the momentous question of how to terminate the state of hostility between them, which will then make a crucial contribution to the historic task of unification. [applause] In the future, at the call of my country and with the

support of its people [chih yao kuo chia hsu yao jen min chih chih; probable STC's 0662 6008 0948 1367 7194 6008 0086 3046 2388 2170], I would like to embark upon a journey of peace to mainland China [fang wen chung kuo ta lu chung shih he ping chih li; probable STC's 6078 0795 0022 0948 1129 7120 1783 0057 0735 1627 0037 2464] taking with me the consensus and will of the 21.3 million people. [applause] I am also ready to meet with the top leadership of the Chinese Communists for a direct exchange of views [yeh yuan i yu chung kung tsui kao ling tao tang chu chien mien chih chieh chiao huan i chien; probable STC's 0048 1959 1942 5280 0022 0364 2584 7559 7325 1418 3981 1444 6015 7240 4160 2234 0074 2255 1942 6015] in order to open up a new era of communication and cooperation between the two sides and ensure peace, stability and prosperity in the Asia-Pacific region. [applause]

My fellow countrymen: We in Taiwan have realized the Chinese dream. The Chinese of the 20th century have been striving for the realization of a happy, wealthy China and of Dr. Sun Yat-sen's popular sovereignty ideal. [applause] For 50 years, we have created in the Taiwan, Penghu, Kinmen and Matsu area an eye-catching economic miracle and achieved a world-acclaimed democratic reform. [applause] The Chinese who were regarded as dictatorial, feudalistic, penurious, and backward by Western countries one century ago have by now created in the Taiwan, Penghu, Kinmen, and Matsu area a new land of democracy, wealth and progress, proudly enjoying enthusiastic recognition from the world. [applause] This stands for not just a proud achievement of our 21.3 million people; it marks a crucial departure for the Chinese people to rise again to a new height of glory [chen suai chi pi tsai chuang hsin chi yun; probable STC's 2182 5905 6386 2411 0375 0482 2450 2623 6663]. [applause] We believe that whatever is achieved by the Chinese in Taiwan can also be achieved by the Chinese in Mainland China. [applause] We are willing to provide our developmental experience as an aid in mapping out the direction of development in Mainland China [tao yin chung kuo ta lu fa chan te fang hsiang; probable STC's 1418 1714 0022 0948 1129 7120 4099 1455 4104 2455 0686]. The fruits of our hard work can be used to assist in enhancing the welfare of millions of our compatriots on the mainland. The Chinese on the two sides can thus join forces for the benefit of the prosperity and development of the Chinese nation as a whole. [applause]

My fellow countrymen: I wish to take this opportunity to express my heartfelt gratitude for the trust you have reposed in me. Today, I have accepted with humility and solemnity the office of the ninth-term President of the Republic of China at the swearing-in ceremony this

morning. [applause] I fully understand the meaning of this office as well as the duties of this office. [applause] I pledge myself to the complete performance of my duties to the best of my power. I would never fail you. [applause] Meanwhile, I sincerely call upon all my fellow citizens to give me wholehearted, unselfish, and patient support so that we may stride forward hand in hand into the 21st century. [applause] I am convinced that during the next century the Chinese people will be able to achieve the historic enterprise of peaceful unification [applause] and do their very part for the peace and development of the world. [applause]

May I wish the Republic of China continued prosperity and all the distinguished guests and fellow countrymen health and happiness [CNA English version drops the words "and fellow countrymen"]. Thank you. [applause]

Taiwan: SEF Official Comments on Ramifications of Li's Speech

OW2005101996 (Internet) Taiwan Central News Agency WWW in English 0959 GMT 20 May 96

[By Flor Wang]

[FBIS Transcribed Text] Taipei, May 20 (CNA) — Chiao Jen-ho, vice chairman and secretary-general of the Straits Exchange Foundation (SEF), said on Monday [20 May] that time for a summit between Taiwan and mainland leaders will come when mainland leaders are able to get an internod [as received].

President Li Teng-hui, on behalf of Taiwan's 21.3 million people, has officially conveyed the message to the Beijing leadership in his inaugural speech, Chiao said.

However, it is still unclear as to whether Beijing would respond to President Li's proposal, Chiao said.

Chiao said President Li's announcement regarding cross-strait ties showed that Li, supported by the Taiwan people after winning the March 23 presidential election, will adopt a more active and positive approach toward Mainland China.

As President Li pointed out in his speech that bilateral exchanges and communication are vital to future cross-strait relations, the SEF, as an intermediary body authorized by the government to handle civilian exchanges with Mainland China, will faithfully play its role in accordance with the government's instruction, Chiao noted.

Chiao, however, disagreed to comments by some local scholars who said President Li, in his inaugural speech, showed a willingness to conduct political negotiations with Mainland China.

Pointing out that President Li had made it clear that it is impossible for Taiwan and Mainland China to start political negotiations before differences between the two sides are patched up, Chiao said that exchanges by ranking officials proposed by President Li in his speech were only aimed at paving the way for the goal.

Legislator Hsiao Wan-chang, former chairman of the Mainland Affairs Council, Taiwan's top mainland policy-making agency, said President Li's inaugural speech fully reflects the government's farsightedness on bilateral relations and its goodwill and sincerity toward the mainland.

In the speech, President Li said he is willing to pay a "peace trip" to Mainland China and talk with Beijing leaders to pave way for cross-strait cooperation and for a new era to ensure security and prosperity in the Asian-Pacific region.

Taiwan: Beijing Obtains Copy of Li's Inauguration Speech

OW2005051196 Taipei Broadcasting Corporation of China News Network in Mandarin
2300 GMT 19 May 96

[From the "Hookup" program]

[FBIS Translated Text] What on earth is Peking's [Beijing's] reaction to the text of the president's inauguration speech released at 0700 [2300 GMT; as heard]? (?All) media reports from Peking reveal that the Taiwan Affairs Offices of both the CPC Central Committee and State Council have obtained the text of Mr. Li Teng-hui's inauguration speech and are evaluating the contents. However, officials of relevant departments in the Taiwan Affairs Offices and the Association for Relations Across the Taiwan Strait [ARATS] would not make specific comments on the speech. Only a couple of officials expressed their personal opinions in private. Some said the speech shows an attitude of easing-up, whereas some officials whose posts are related to Taiwan affairs maintained that Mr. Li Teng-hui seems to take an ambiguous attitude toward the key problems between two sides of the strait.

In any case, the Taiwan Affairs Offices and ARATS will not issue an immediate comment on President Li Teng-hui's inauguration speech today. This is the first reaction from Peking.

Taiwan: Li Teng-hui Sworn in for 2nd Presidential Term 20 May

OW2005004296 Hong Kong AFP in English
0021 GMT 20 May 96

[By Lawrence Chung]

[FBIS Transcribed Text] Taipei, May 20 (AFP) — Taiwan kicked off a new era of full democracy on Monday [20 May] as Li Teng-hui was sworn in for a second term as the first president directly elected by the public in Chinese history.

The oath-taking ceremony was held at the Presidential Office in Taipei in the presence of hundreds of top ranking government officials, political party leaders, local and foreign dignitaries, to be followed by an inaugural speech at a gymnasium in Taoyuan, outside Taipei.

Twenty four nations sent official delegations to Taipei for the event, with nine sending heads of state, including Costa Rican President Jose Maria Figueres, Nicaraguan President Violeta Barrios de Chamorro and Guatemalan President Don Alvaro Arzu, the foreign ministry said.

American lawyer Vernon Jordan, a close adviser to U.S. President Bill Clinton, was among other representatives to attend the event on the island, which is diplomatically recognized by only 31 nations.

Security authorities and police dispatched more than 10,000 officers to maintain order and impose tight security to ensure the safety of Li and other foreign leaders, police said.

All government organizations and schools in Taipei and Taoyuan were closed for the day and many roads were closed to traffic because of the large number of motorcades.

The inauguration represented a milestone for Taiwan's democratic development, which enters a new era as Li and his running mate, former Premier Lien Chan, took the oath of office.

In his inaugural speech, which was released in advance, Li said the event "marks not only the commencement of the ninth-term presidency and vice presidency, but also a fresh beginning for the future of the country and the people."

"We now stand on the apex of democratic reform and will remain here resolutely. We have proved eloquently that the Chinese are capable of practicing democracy," he said.

Li stressed Taiwan has effectively expanded the influence of the international democratic camp and made

significant contributions to the cause of freedom and democracy.

Despite criticism, opposition members here have admitted that Li does push for reforms in Taiwan.

In 1991, he abolished the state of emergency to renounce the use of force to retake China.

The following year, he removed the draconian sedition law to allow freedom of advocacy, including non-violent promotion of Taiwan's independence, the result of which was the release of some 300 political prisoners and return of a number of exiled dissidents.

In 1994, he initiated the revision of the constitution to allow direct election of the president. The first direct election was held on March 23 and was lauded by many people at home and abroad as the beginning of full democracy in Taiwan.

In his inaugural speech, Li also invited the opposition to join him in running the country. "No individual or political party can single-handedly decide a policy of far-reaching importance to the country. The government will soon invite opinion leaders and other representatives from various quarters to exchange views on major topics of future national development," he said.

"The consensus that emerges from such meetings will launch the country into a new era," he added.

Taiwan: President Li Teng-hui Offers To Visit China

*OW2005031096 Hong Kong AFP in English
0301 GMT 20 May 96*

[FBIS Transcribed Text] Taipei, May 20 (AFP) — Taiwanese President Li Teng-hui Monday [20 May] offered to visit China on a peace mission to ease cross-strait hostilities and ensure regional stability.

Li, the first democratically elected president in Chinese history, reaffirmed Taiwan's status as a sovereign state but proposed holding dialogue with Beijing on reunification of the two separated territories.

"We will never negotiate under threat of attack, but we do not fear to negotiate," Li told a cheering crowd of 15,000 including 300 foreign dignitaries in his inaugural speech.

"In the future, at the call of my country and with the support of its people, I would like to embark upon a journey of peace to China, taking with me the consensus and will of the 21.3 million people," he said.

"I am also ready to meet with the top leadership of the Chinese communists for a direct exchange of views in order to open up a new era of communication and

cooperation between the two sides and ensure peace, stability and prosperity in the Asia-Pacific region," Li said.

Li delivered the 44-minute speech at the Taoyuan stadium outside Taipei having been sworn in for his second term at the presidential office.

Taiwan: MAC Chairman: 'Dignity' Necessary for Li's Mainland Visit

*OW2005045296 Taipei Broadcasting Corporation of China News Network in Mandarin
2300 GMT 19 May 96*

[From the "Hookup" program]

[FBIS Translated Text] The most conspicuous remark in the [Li Teng-hui] inauguration speech is that the president is willing to visit Mainland China after taking office. Mainland Affairs Office [MAC] Chairman Chang Ching-yu said the president's intention is to create an atmosphere of peace and interaction across the strait through the visit, so that both sides will enter a new phase in developing relations. However, the president's mainland visit should depend on the situation in interactive relations between the two sides and is possible only if it is done with dignity and is favorable to both sides of the strait. Let us hear (Hsu Hsiao-min)'s report:

[Begin recording] [(Hsu)] It is noted in the text of President Li's inauguration speech: In the future, at the call of the country and with the support of the people, the president will pay a visit to Mainland China, carrying with him the unanimous understanding [yi zhi li jie] of the 21 million compatriots. In the meantime, he is willing to meet with top Chinese Communist leaders. At a welcome banquet on 19 May, MAC Chairman Chang Ching-yu said that President Li's expression of his wish to visit the mainland, carrying with him the will of the 21 million compatriots, at an opportune time in the future is certainly his hope to build peaceful and interactive relations between the two sides of the strait to bring cross-strait relations to a new phase.

[Chang] In view of President Li's expression of his wish to visit the mainland, carrying with him the will of the 21 million compatriots, at an opportune time in the future, I believe that it is basically his hope to build peaceful and interactive relations between the two sides, so as to bring cross-strait relations into a new phase.

[(Hsu)] Chang Ching-yu noted that the president's mainland visit should depend on the situation in interactive relations between the two sides of the strait, and it must be a visit with dignity and be favorable to both sides. Legislator Hsiao Wan-chang, who is said to be a possible secret envoy between the two sides, said the two

sides must have a consensus before the president pays a visit to the mainland. This has been a report by BCC reporter (Hsu Hsiao-min) in Taipei. [end recording]

**Taiwan: Lien Says Taipei To Enhance
'International Profile'**

OW1705140196 (Internet) Taiwan Central News
Agency WWW in English 1327 GMT 17 May 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — Premier Lien Chan said on Friday [17 May] that the government of the Republic of China [ROC] is poised to resume talks with mainland authorities at any time, but he insisted that the ball is now in their court.

Lien said that Beijing closed the door to cross-strait talks, and "whoever shuts the door is obliged to reopen the negotiation channel."

Beijing unilaterally suspended routine talks with Taipei after ROC President Li Teng-hui made a landmark visit to the United States last June. Beijing regarded the trip as part of Taiwan's efforts to create either "two Chinas" or "one China and one Taiwan," an accusation that has been categorically rejected by Taipei.

The premier said he realizes that it may take some time before the frozen ties can thaw, hinting that the tensions may not be eased before the Chinese Communist Party's 15th Party Congress in 1997 — a forum where President Jiang Zemin may be able to consolidate his power.

Fielding an inquiry by Legislator Ju Gau-jeng, Lien described as "reversing cause and effect" Beijing's hope that Li will make a breakthrough in bringing bilateral ties back onto a normal track in his inauguration speech on Monday.

Despite the strained ties, Lien stressed the government's bid to continue to enhance the ROC's international profile. "Our efforts to improve diplomatic ties with other countries will continue," Lien said.

He said the ROC, which is more than willing to take a greater share of international responsibility, is seeking to join the United Nations, as well as other international organizations.

**Taiwan: Lafayette-Class Frigate Cruises Into
Waters Near Taiwan**

OW1705134696 (Internet) Taiwan Central News
Agency WWW in English 1335 GMT 17 May 96

[By Lin Wenfen]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — The first of six Lafayette-class guided-missile frigates that

the ROC [Republic of China] Navy ordered from France in 1991 is currently in waters southeast of Taiwan, Navy Headquarters said on Friday [17 May].

The Navy said that the frigate, christened the "Kang Ting," cruised into Taiwan waters under Navy control after a more than one month voyage from France. ROC submarines and destroyers were sent to serve as escorts for the unarmed vessel, the Navy added.

The 3,500-ton frigate is expected to arrive at the Tsoying Naval Base in southern Taiwan on May 19 and make its public debut on May 24 during a ceremony presided over by Adm. Ku Chung-lien, commander-in-chief of the Navy.

The unarmed warship will soon be equipped with sophisticated weapons systems by the Navy and the military-run Chungshan Institute for Science and Technology. The weapons systems installed can be varied to meet the needs of a battle.

The Navy has launched a series of language and technology training sessions since early last year to prepare for a smooth take-over of the frigate. A total of over 700 Navy officers and sailors were sent to France to bring the warship to Taiwan.

**Taiwan: Air Force Takes Delivery of 1st Squadron
of Mirage 2000-5's**

OW1705133996 (Internet) Taiwan Central News
Agency WWW in English 1328 GMT 17 May 96

[By Benjamin Yeh]

[FBIS Transcribed Text] Taipei, May 17 (CNA) — National Defense Minister Chiang Chung-ling on Friday [17 May] confirmed news reports that the Republic of China [ROC] Air Force has taken delivery of the first batch of the 60 Mirage 2000-5s it ordered from France.

The French daily LE MONDE reported on Thursday [16 May] that the delivery took place at a production base of Dassault Co., the manufacturer of the jet fighters, in southeastern France earlier this week.

While Chiang would not specify the number of Mirage 2000-5s the Air Force has received, he said, "They are at least sufficient to form a squadron."

Chiang said ROC Air Force pilots have been in France to undergo flight training, and that the fighter jets are scheduled to be commissioned next year.

Taiwan placed the jet order, along with an order for 1,200 MICA air-to-air missiles, with France in 1992 under a US\$6 billion military deal.

Taiwan also ordered six Lafayette-class frigates from France in 1991, though the deal has never been announced publicly. That contract's value is placed at around NT [New Taiwan] \$85 billion (US\$3.13 billion).

Taiwan: Report Says Patriot Missiles Delivered 'This Fall'

*OW1805123896 Tokyo KYODO in English
1212 GMT 18 May 96*

[FBIS Transcribed Text] Taipei, May 18 KYODO — Taiwan expects to take delivery of U.S. antimissile Patriot missiles this fall to counter China's short-range ground-to-ground M missile, the defense ministry said in a biennial defense report Saturday [18 May].

The Patriot missiles will be installed at three newly built missile launching bases — one each in north, central and southern Taiwan, the report said.

Taiwan does not currently have any antimissile missiles.

The report also unveiled a plan to develop a satellite system to monitor incoming missiles, but it did not detail whether the system would be built independently or in cooperation with the United States.

Taiwan: Taipei Demonstrators Demand 'Split From China'

*OW1905104296 Hong Kong AFP in English
1017 GMT 19 May 96*

[FBIS Transcribed Text] Taipei, May 19 (AFP) — More than 10,000 demonstrators Marched through central Taipei on Sunday [19 May], the eve of Li Teng-hui's investiture as president, demanding that the island officially split from China.

Demonstrators from 37 opposition groups, shouting "Taiwan is not a part of China," took part in the March from Taan Park to the municipal government headquarters, witnesses said.

Police reported no incidents, but the rally was to go on into the night.

Lin Shan-tien, executive director of the organizer, Nation-Building Union of Taiwan, said all the conditions existed for an independent country but that it was being blocked by the ruling Kuomintang (KMT), Li's party.

"Taiwan has long been separated from China, and has been independent for more than four decades," he said.

"After a long period of struggle and self-sacrifice, authoritative rule has crashed and full democratic elections have taken place.

"As Taiwanese people can now directly elect their own president, Taiwan has the perfect conditions to become an independent nation, but the obsolete concept of the ruling Kuomintang has obstructed our goal."

Lin said Sunday's demonstration was to tell the KMT and the government to abandon its policy of wanting reunification with China.

The nationalist government, driven off the mainland after the Chinese civil war to the communists, agrees Taiwan is a part of China awaiting unification.

China, which warns other countries against forging ties with Taiwan, has renewed threats to invade Taiwan if it goes independent. It has accused Li of working for independence.

But in his inauguration speech on Monday, Li, who got a landslide victory in the island's first democratic election on March 23, is expected to renew an offer to visit China for talks with President Jiang Zemin. But he has highlighted Taiwan's separate status.

Hong Kong

Hong Kong: Senior Advisers Predict Unrest in Next 100 Days

HK2005075596 Hong Kong EASTERN EXPRESS
in English 18-19 May p 2

[By Leo Law]

[PTS Transcribed Text for FBIS] Senior advisers to the Hong Kong and Chinese governments expect unrest in the territory in the next hundred days, despite publicly pledging to work out a smooth transition.

"Hong Kong is going to have a long, hot summer," a senior adviser to Governor Chris Patten said, referring to China's determination to get rid of the Democrats from the legislature.

"The world focus has moved to the Pacific theatre following China's missile tests in the Taiwan Strait," he said. "This can be witnessed by the recent United States-Japan defence agreement. Things are moving very fast."

The governor's adviser said the Democratic Party commanded the support of 70 per cent of the voters and its leader Martin Lee had successfully evoked the images of Nelson Mandela and Andrei Sakharov.

"Any attempt to oust the Democrats from Hong Kong's political forum would draw heavy criticism or even cause unrest," he said.

A prominent Beijing-appointed Preparatory Committee (PC) member also believes there will be turbulence in Hong Kong in the coming days but said the blame lies with Patten.

"Patten has openly criticised the business sector during his US tour. It is a very dangerous sign for the governor to set the businessmen at variance with the rest of the community," the PC member said.

"With the British Deputy Prime Minister, Michael Heseltine, leading an unprecedented 200 strong business delegation to China, Patten should have realised that voices of the business sector are regaining their influence in Sino-British relations.

"Patten will be further sidelined from the decision making core on Hong Kong policy in Britain." The PC member said Patten would not just sit back. "He will try his best to stir up confrontation and keep himself in the spotlight."

The China adviser also expressed dissatisfaction over government attempts to amend legislation to lift administrative control over the community. "In the colonial days, they made these laws to control the Hong Kong people. And now they act like the messiah and repeat

them all, weakening the administrative power of the future special administrative region government," he said. Unrest is also growing in another quarter.

Dozens of people representing various pro-China organisations demonstrated last Saturday at the airport when Patten returned from the US. "This is a very rare move since the 1967 communist riot in Hong Kong," an analyst said.

A veteran China adviser, Tsui Sze-man, once advocated during a closed-door meeting in Beijing organising a street protest in Hong Kong against Patten's political reforms. The idea was quashed by his colleagues, who warned it would cause unrest in the territory.

Hong Kong: Banking Sector Promised No Disruption After Handover

HK2005064296 Hong Kong EASTERN EXPRESS
in English 18-19 May p 1

[By Adrian Kennedy]

[PTS Transcribed Text for FBIS] HongkongBank chairman-elect John Strickland yesterday said Lu Ping, the director of the Hong Kong and Macao Affairs Office, had promised the banking sector would not be disrupted after the handover.

Strickland said he accompanied outgoing chairman John Gray on a trip to Beijing earlier this week, where he met Lu and visited several banks.

"We have received repeated assurances from contacts in Beijing and Chinese authorities here that the intention is that HongkongBank will be able to continue to operate in exactly the same way as it had in the past," Strickland said.

Expressing optimism that the transition would be smooth, Strickland said the contacts confirmed Chinese banks would continue to compete on normal business terms, while Lu added the pledge that China would make no change to Hong Kong's banking environment.

"I believe I know China quite well; I have been travelling there regularly for 20 years," he said. "I think things can only get better, quite frankly."

Strickland's background is in systems development, and while he promised to steer the bank in the same direction as his predecessor, emphasising its base in Hong Kong while expanding its regional franchise, there will be a greater use of technology in accessing customers.

HongkongBank will offer banking products and services on the Internet "before very long", Strickland said, once certain obstacles are removed. Security questions

needed to be sorted out, mainly related to the maintenance of privacy and the prevention of fraud.

In addition, the provision of banking services originating in Hong Kong, and the marketing of those services, is something that the Hong Kong Monetary Authority has to regulate, a "very difficult" task.

Strickland also favours the concept of an "Asia Clear", a region-wide system standardising, or matching, the settlement systems between different countries and banks.

Based on the rapid growth in the size of many banks and the huge number of transactions daily, "you can argue that the vulnerability that faces the payment system is perhaps higher than it was a few years ago", he said.

However, initiatives such as the territory's Real Time Gross Settlement System, due to run this December, will be important steps in reducing settlement and systemic risk, he said.

Hong Kong: Textile, Garment Firms Warn of Impact of Sanctions

HK1705084696 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 17 May 96 p 11

[By Christine Chan, Lana Wong and Cheung Lai-Kuen]

[PTS Transcribed Text for FBIS] The textiles and garment sectors in Hong Kong and China say they will lose market share in the United States if they face 100 per cent tariffs on their products.

Henry Tang Ying-yen, chairman of the Federation of Hong Kong Industries, said yesterday the industrial sector was opposed to the sanctions announced by the US on a range of Chinese exports.

China's textile and garment exports, which account for two-thirds of the US\$3 billion sanctions list, would be hit hardest.

Mr Tang, who has a number of textiles and garments manufacturing plants in China with most finished products exported to the US, said the Hong Kong sector could not survive if sanctions were implemented.

China-made silk garments are paying 6 per cent US customs tariffs while tariffs on wool garments are about 17 per cent and cotton garments about 20 per cent.

"The industry cannot survive if our products have to pay tariffs of between 12 per cent and 40 per cent," he said.

China's state-owned textiles and garment export sector said its market share would be devastated in the US under the sanctions.

A senior official of China's textile and garment sector said China's exports were already facing a very difficult time due to a slowdown in the US market and rising manufacturing costs.

He said it was impossible for the sector to diversify from the US market to others as textile and garment exports were under quota restraints in most key import markets.

The director of Zhuhai's foreign economic relations and trade commission, Tian Chenggang, said Guangdong, a particular target of the sanctions, would be hardest hit.

But he said Hong Kong and Taiwan manufacturers, instead of mainland companies, would be the victims.

"Guangdong exports a lot of goods to the US. But most of the companies here are established by Hong Kong and Taiwan firms aimed for exports," he said.

"The impact of sanctions on mainland companies would be minimal (compared with that of Hong Kong and Taiwanese establishments)."

Mr Tian said about one-third of products made by Taiwan-invested factories in Guangdong would be destined for the US.

He said China was not immune to the sanctions, because they might stall production in the country.

Senior economist at Merrill Lynch (Asia-Pacific), Nicholas Kwan Ka-ming, said light industries, such as those engaged by Hong Kong manufacturers in Guangdong, would feel a much greater impact.

He said foreign-invested companies that were in better shape than their mainland rivals might be able to withstand the effects of a trade war.

Hong Kong: Editorial Warns of Rising Crime Between Hong Kong, PRC

HK2005081096 Hong Kong EASTERN EXPRESS in English 18-19 May 96 p 18

[Editorial: "Anti-Graft Battle Is Vital Concern"]

[PTS Transcribed Text for FBIS] Rising crime involving the mainland and Hong Kong has been a matter of concern for some years now.

It is the inevitable consequence of more cross-border contacts, but that does not mean there is any room for complacency about the trend.

The news from the Independent Commission Against Corruption that statistics for commercial fraud showed a 58 per cent increase between 1992 and 1994 emphasises the scale of the problem — as well as the importance of tackling it with vigour before the handover next year.

It is absolutely vital to the future prosperity of Hong Kong that all corrupt practice is ruthlessly pursued and punished.

Those who are doing business on the mainland must not think that, because a fraud uncovered there cannot result in charges in Hong Kong, they can get away without any form of punishment. Large companies who discover their employees involved in any form of cross-border corruption have only one form of response at their disposal, and that must be instant dismissal.

As the experts have pointed out, vigilance has to start within the companies themselves. Very often they are themselves the victims of dishonest employees. It is therefore up to every management to see that their firm has a well publicised code of conduct so the staff know exactly what is acceptable and what is not.

No matter how entrenched corruption is on the mainland, every effort has to be made to keep it out of Hong Kong, and out of the practice of local companies that trade and work in China.

Everyone is the loser through corruption, because it is an endless chain of kickbacks, blandishments, bribes and special favours, which merely pollute the commercial climate, driving honest dealers to look elsewhere for trade.

As business between China and Hong Kong increases, the law enforcement agencies on both sides of the

border are also increasing their contacts and sharing information which will enable them to crack down on all forms of crime in their own territory.

This has resulted in many successful prosecutions. In the past three years the Chinese authorities have investigated 58 cases for Hong Kong, and in return ICAC officers and police have looked into 62 cases for the mainland.

In 1994, a Hong Kong businessman who carried out a \$US6.3m (HK\$47.47m) fraud in which China lost US\$2.2m was jailed for two-and-a-half years, after a mainland shareholder tipped off Xinhua (the New China News Agency), which in turn contacted the ICAC.

The trial judge described the businessman's crimes, which included accepting money for opening letters of credit, making fake invoices and cargo receipts, as "striking at the very heart of commercial centres like Hong Kong".

China is equally concerned to try to rid itself of corruption, but it is a vast undertaking and it will take years, if indeed it can be done. Hong Kong's strength is that corruption is not a way of life here, and much of its prosperity is founded on its international reputation for integrity and straight dealing.

The city cannot afford to sacrifice this if it is to keep its place in the financial markets of the world.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 282
SPRINGFIELD, VA

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. *Copying and dissemination is prohibited without permission of the copyright owners.*

- Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.
- Headlines and all bracketed explanatory notes are supplied by FBIS.
- Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2804
Washington, DC 20013-2804
Telephone: (202) 338-6736
FAX: (202) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.

END OF

FICHE

DATE FILMED

20 May 96

